





OVERSEAS NEWS

Israel and Egypt agree terms of arbitration for Taba

BY ANDREW WHITLEY IN JERUSALEM

ISRAEL and Egypt have finally reached agreement on the terms of arbitration over the disputed Taba region, it was announced in Jerusalem yesterday. The draft arbitration agreement, concluded in Cairo on Sunday after seven months of often tortuous negotiations, will be submitted to Israel's inner cabinet for approval tomorrow. But the document still lacks the names of the three international arbitrators who will make up the five-person panel. Detailed on-site mapping work also remains to be completed. "We have an arbitration agreement with a hole in it," a senior Foreign Ministry official said yesterday. But he confirmed that, under heavy American pressure, Israel and Egypt had concluded the negotiating stage of their four-year-old dispute. Last January, the coalition Israeli Government agreed to accept binding international arbitration of the Taba region at the head of the Gulf of Aqaba, which Israel held onto after its withdrawal from the Sinai Peninsula in April 1982. But the acceptance of arbitration was made conditional on an overall improvement with relations with Egypt. Israel has demanded the return of the Egyptian ambassador, withdrawn in 1982, and compensation for victims of a shooting incident at Ras Barqa in the Sinai last October. Yesterday, Mr Yitzhak

Assassination bid fails on prominent Beirut Christian

BY NORA SOUSTANY IN BEIRUT

A FORMER Christian commander was shot and wounded in an early morning ambush yesterday following daylong battles in East Beirut and an inconclusive revolt in Christian militia ranks. The convoy of Fuad Abu Nader, a Phalange Party politburo member and nephew of Lebanese President Amin Gemayel, fell into a trap set up by gunmen as he made his way back from an overnight meeting of a crisis committee called to mediate a truce among warring Christian militiamen, one of his aides said. The outbreak of fighting, the worst since a January 15 uprising toppled Syrian-backed Christian militia commander Mr. Elie Hobeika, reflected discontent among certain militia groups with a reorganisation carried out by Mr Samir Geagea. Mr Geagea became the commander of the Lebanese Forces after Hobeika's collapse and Mr Hobeika was forced into exile. Militia spokesmen explained that the displeasure with Mr Geagea's style of leadership resulted from his favoritism towards his followers from northern Lebanon. "The old crew felt it was set aside and that Mr Geagea's men were profiting by being appointed to key posts and jobs," one militia source said. The Phalange Party, led by its new President, George

Treaty brings China and Soviet Union closer

BY ROBERT THOMSON IN PEKING

CHINA and the Soviet Union have edged a little closer in their cautious courtship following the signing of a consular treaty between Peking and Moscow, which is regarded by diplomats here as a part-satellite and part-puppet of Moscow. The agreement at the weekend follows the Vladivostok velvet glove extended by Mr Mikhail Gorbachev to the Soviet leader who said during a visit to the Soviet port two weeks ago that Moscow could withdraw a "substantial part" of its troops on the Sino-Mongolian border. China and Mongolia had not had a consular treaty since establishing relations in 1949, the year Communist rule began here, and diplomats are certain that the signing ceremony in the Mongolian capital of Ulan Bator was used by Chinese officials to test the depth of Soviet sincerity. Peking has still to make up its mind on Gorbachev's recent speech and his long-term intentions. Certainly, the Chinese have found him more inclined to friendship than his predecessors, but they are not quite sure whether it is a public relations job or a genuine attempt to improve relations. Chinese officials have indicated to diplomats that they consider Moscow is trying to defuse its foreign policy problems so that it can concentrate on domestic policy, so they consider better ties are not the best motive for the recent overtures. But China's Foreign Ministry says it is studying the Vladivostok speech and has "taken note" of the proposal to reduce troop numbers in Mongolia. However, the ministry stresses that "three obstacles" to rela-

Botha rallies the party faithful before the siege

Anthony Robinson reports on a National Party congress

SOUTH AFRICA'S National Party which has ruled the country without interruption since 1948 gathers in Durban this evening for a special federal congress to rally the party faithful as the country braves itself to face sanctions and international isolation.

The congress takes place almost a year to the day after President P. W. Botha's ill-fated "crossing the Rubicon of apartheid" speech to the Natal congress of the party in the same Durban venue on August 15 last year. That speech was preceded by a large scale public relations exercise which led to domestic and foreign audiences to expect dramatic changes in government policy. Instead, President Botha wagged his finger at the world and, rather than unveiling the expected list of radical reforms, limited himself to the message that reforms would take place in response to external pressure or black radicals but at the Government's own speed and direction.

In a phrase which the world has heard many times since Mr Botha declared: "I am not prepared to lead white South Africans and other minority groups on the road to abdication or suicide."

Subsequent events indicate that the "Rubicon speech" honestly revealed the basic underlying attitudes of South Africa's Afrikaner leadership, SAUDI ARABIAN oil production this month is projected by major oil companies as likely to run at a rate of at least 6.2m barrels a day and possibly as much as 6.4m b/d, a level which will add significantly to the surplus on the oil market.

In the weeks and months which followed the Rubicon speech South Africa paid a high price for Mr Botha's brutal frankness. It sparked off a run on the rand which two weeks later led to temporary closure of the Johannesburg stock exchange and the foreign exchange market, followed by a partial moratorium on \$14bn of the total \$24bn foreign debt and re-introduction of the two-tier rand system.

The effect on international opinion was so strong, magnified by the timing in the very middle of the northern hemisphere summer season where other news is traditionally thin, that the Government has not been able subsequently to gain what it believes is due recognition for the string of apartheid reforms which it did in fact introduce in the months after the "Rubicon speech" and which might have produced a very different reaction had they been announced as expected on August 15.

It was an error of judgment which President Botha is determined not to repeat this time round. In the weeks leading up to this year's federal congress party sources have taken the opposite tack and have been quietly spreading the word that now is the time to consolidate and press on with the Govern-

The sale of one of the last sizeable Canadian investments in South Africa is now thought likely, reports Robert Gibbens from Montreal. Canada's nickel-producing Falconbridge is expected to sell its 25 per cent stake in Western Platinum, the major shareholder of which is Lonrho with 50.44 per cent.

Western Platinum operates at the Republic's famous Bushveld igneous complex in the Transvaal. This year the company aims to lift mine output of platinum group metals to some 270,000 ounces, a substantial figure by world standards. In London yesterday, the platinum price surged ahead \$42 to more than \$544 an ounce.

ment's already announced legislative programme, not for dramatic announcements. This was not the original intention. When Mr Botha first announced his intention to call a federal congress nearly six months ago the hope was that the focal point of the meeting would be broad discussion on a key element of his January speech at the opening of parliament—the proposed national statutory council. The council, to be chaired by Mr Botha himself, was billed as a means to give blacks "access to power at the highest level" and the last few months have seen continuing efforts to persuade leaders of the six non-independent black homelands and other black leaders to join.

Once again, however, the Government's attempts to create a mechanism for indirect black participation in decision-making, while denying the

modify some aspects of the Group Areas Act, which he recently said was no longer regarded as "a sacred cow," but the subject is under investigation—especially by the President's Council.

In the absence of new policy initiatives the style and tone of Mr Botha's speech and the subsequent five set piece debates on the economy, the security situation, constitutional developments, foreign affairs and what is termed "group security" will be important. In addition to growing international pressure on South Africa, the rising tide of violence in the black townships and increasing terrorist activity—especially landmines in deeply conservative rural areas and the spate of bombings in supermarkets, led to a worrying rise in support for parties further to the right than the national party.

The failure of the police to prevent the para-military Afrikaner Weerstandsbeweging (AWB) breaking up a political meeting held by Mr P. W. Botha, Foreign Minister, in Pieterburg three months ago indicated that the rot had also spread to the security forces which the Government relies upon to maintain the established order.

It was against this background that the Government moved decisively to undercut the right by re-introducing an even tougher state of emergency, bombing alleged AWB bases in three neighbouring countries and demonstrating to the Commonwealth Eminent Persons Group (EPG) and Sir Geoffrey Howe, British Foreign Secretary, in particular—that the South African Government was in no mood to take lessons from abroad.

In the past this has been the kind of stance which has helped to win elections and rally whites—including many English speakers—around the fatherland-in-danger slogan. In principal, the Government does not have to hold elections until 1989 and only a major split in the party could undermine its present strong parliamentary majority. On present form Mr Botha is still very much the man in charge and shows no sign of relinquishing his position. But he has turned 70 and carries heavy burdens as state president under the present Gaullist-style constitution.

One of the most important considerations in Durban this week could well be to gauge the mood of the party and assess whether the time is ripe for an earlier general election to strengthen the laager while adapting the economy to siege conditions and seeking to defuse black anger by social and economic reforms.

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Saudis likely to increase output before Opec curbs take effect

BY RICHARD JOHNS

SAUDI ARABIAN oil production this month is projected by major oil companies as likely to run at a rate of at least 6.2m barrels a day and possibly as much as 6.4m b/d, a level which will add significantly to the surplus on the oil market. Failure to restrain such a rate is likely to increase considerably the glut and depress prices by the beginning of next month when the Organisation

of Petroleum Exporting Countries' interim accord on quotas comes into force. Customers are still anxious to benefit from discounts of 50 cents to \$1.15 per barrel, depending on the volumes involved. The discounts were offered from the beginning of May to boost exports but last week the Saudi Ministry of Oil gave notice that the incentive will be withdrawn from the

start of September. The discounts were given in addition to netback terms, whereby prices are related to actual market realisation for petroleum products, less the cost of transportation and refining. Estimates of the likely level of Saudi output — which does not include its entitlement from the neutral zone shared with Kuwait — are based on tanker

nominations by customers who have agreed berthing and lifting arrangements with the Saudi Government. A rate of 6.2-6.4m b/d would compare with actual production in excess of 6.4m b/d in July (again not including the neutral zone). Kuwait, though, will be reluctant to risk any goodwill on the part of customers following its success in establishing new market outlets in the Far

East. Qatar alone among the four conservative Arab producing states of the Gulf is cutting production. The four were mainly responsible for the surge in Opec output last month to more than 30m b/d. Qatar is understood to have informed customers last month that it was switching away from netback terms to prices related to those of Oman.

Israel attacks bases near Baalbeck

By Andrew Whitley in Jerusalem

ISRAELI warplanes yesterday attacked Palestinian bases in the Syrian-controlled Bekaa region of Lebanon for the first time in nearly a year, confirming Syrian ground-to-air missiles stationed along the border. It was the second day in succession that Israeli fighters and helicopter gunships had been in action in Lebanon against Palestinian targets, indicating a stepping-up of Israel's long-standing policy of severe reprisals for guerrilla attacks. On Sunday the targets were said to be "terrorist sites" in refugee camps outside Sidon controlled by Mr Yassar Arafat's Fatah organisation. Yesterday it was the turn of the Abu Musa group, a break-away from Fatah responsible for a number of recent terrorist incidents in Israel and abroad.

A spokesman for the Israeli Defence Forces said no Syrian missiles had been fired yesterday at the Israeli fighters, which hit ammunition and weapons dumps at two positions west of the town of Baalbeck. All the aircraft were said to have returned safely.

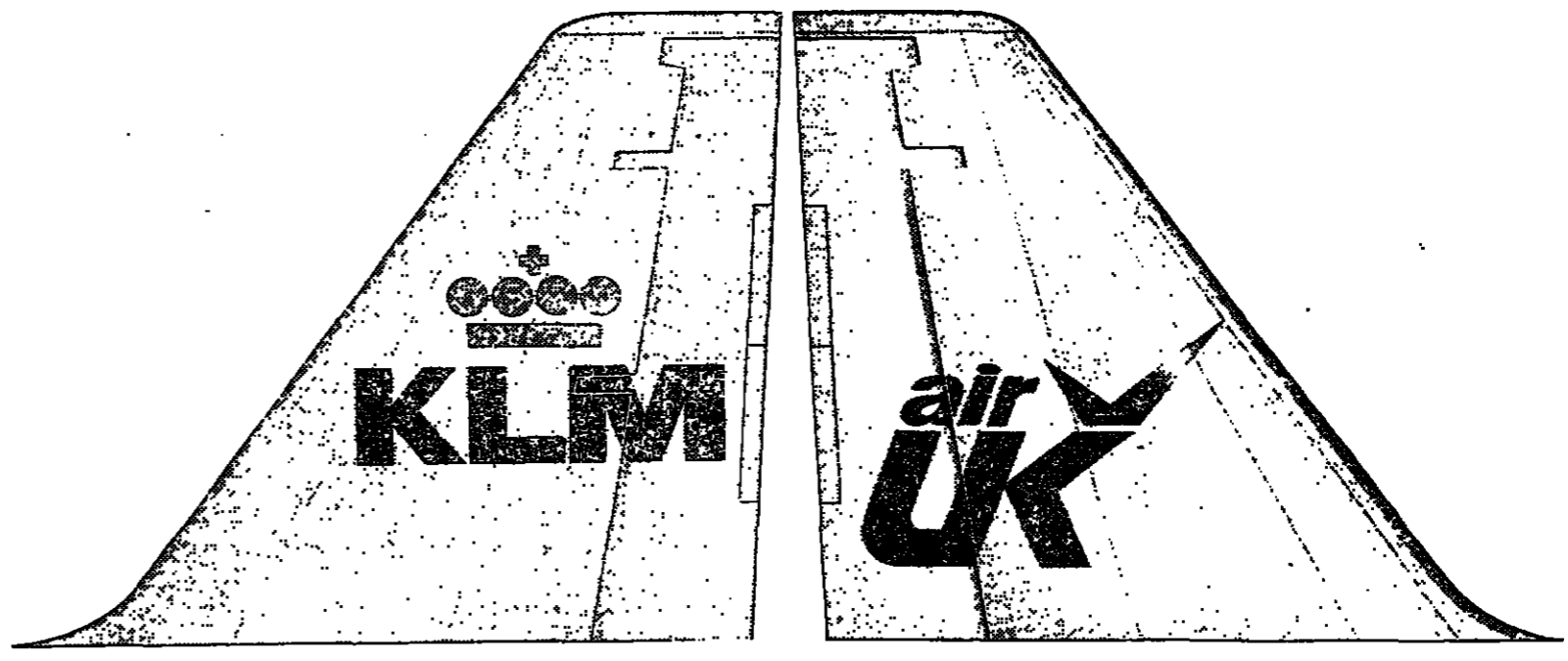
The spokesman said the raid was not intended as any sort of political message to the Syrians, Israel, he said, had already made clear on Syria through diplomatic channels that it had no intention of escalating the confrontation between the two countries.

But he confirmed that it was the first time Israeli aircraft had attacked targets in what was described as the hostile environment of the Bekaa Valley since the withdrawal of mobile missile batteries which the Syrians introduced into the region last December.

The timing of the attack was said to have been dictated purely by the availability of accurate intelligence information and "optimal operational conditions." While Katyusha rocket attacks have been launched against northern Israel over the past few days, no large-scale guerrilla attack has taken place.

Supertanker set ablaze in Gulf

A Greek-registered supertanker was set ablaze by an Iranian helicopter attack in the southern Gulf yesterday, only moments after it had been intercepted, shipping sources said. Reuter reports from Bahrain. The 357,000-deadweight-tonne Olympia Spirit, carrying a full cargo of Saudi Arabian crude oil, was first interrogated over radio by the patrol south-east of Iran's Abu Musa island. Five minutes later the helicopter launched its attack. No casualties were reported.



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AMERICAN NEWS

Senate tries to clear key issues before recess

BY REGINALD DALE, US EDITOR, IN WASHINGTON

WITH CONGRESS increasingly frantic to get away on holiday, the US Senate is attempting to bludgeon itself into voting on two intensely controversial issues—South African sanctions and aid to Nicaragua's Contra rebels—before the end of the week.

Murdoch works to realise a US television dream

FOR YEARS, US broadcasting entrepreneurs have dreamt of establishing a fourth television network, one capable of competing with the likes of CBS, NBC and ABC.

proposed network was established in the two opportunistic acquisitions finalised over the past 12 months.

ward, and most importantly, they appear to have carried it off—a magic figure for advertisers—Fox claims that it can now reach nearly 80 per cent of the nation's 85.9m households with television sets, against the 70 per cent normally regarded

to pick fun at such tame targets as British Royalty (Prince Charles's ears) or Hollywood starlets (lovely, therefore dumb).

Fox will not say much about its other programming plans, except that it is aiming to be transmitting ten hours a week by next March, and that its new affiliate stations are committed to taking all it produces.

programming; and they point out that the big network news organisations are steadily losing market share as a group, partly because local companies have improved their coverage.

Terry Dodsworth reports on moves by Australian-born publisher Rupert Murdoch (right) to create the basis of a US television network to rival the country's big national broadcasting groups



On the other hand, it is difficult to conceive of a fully-fledged network without a news operation. Indeed, there have been suggestions that Mr Murdoch has made approaches to buy a stake in Turner Broadcasting's Cable News Network, the independent news organisation which now gives the network a strong edge.

Mr Murdoch who follows his companies, "has a habit of being ahead of where everyone else thinks he is. He tends to be able to pre-empt people's perception of his timing."

Argentine devaluation

BY TIM COONE IN BUENOS AIRES

THE ARGENTINE Government yesterday devalued the Austral by 3.22 per cent and raised interest rates in response to last week's announcement of the highest monthly inflation rate figures for over a year.

Brazil faces energy crisis as demand booms

BY IVO DAWNAY IN RIO DE JANEIRO

BRAZIL IS facing a severe energy crisis that looks certain to force rationing on the country's industrial and agricultural heartland next month.

as essential by national advertisers. The next big challenge for Fox will be to demonstrate that it can hold an audience against the networks.

Reagan considers tougher embargo against Cuba

BY OUR US EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan is considering a plan to toughen the US economic embargo on Cuba to try to prod Havana into releasing long-term political prisoners, the White House confirmed yesterday.

WORLD TRADE NEWS

Pasta proves a sticky problem

DIPLOMATS, trade officials and even one or two journalists have for some days now been wiling the EEC and the US to settle their so-called "pasta war" so that the trade talks can get on a "silly season" in Brussels could properly commence.

and more serious spiral of retaliation which encouraged both sides this weekend to come to a compromise after several weeks of tense negotiations. "The next step would be to bring a whole lot of bloodier," a US official said yesterday in an oblique reference to an earlier American promise to step up its action if a successful outcome was not reached by the beginning of the month and the well publicised willingness of the EEC to respond with counter-measures.

Japan trade surplus at record monthly high

JAPAN'S TRADE surplus hit a record monthly high of \$8.22bn (£5.6bn) in July, according to preliminary figures published by the Ministry of Finance.

GM and Suzuki near to concluding deal on Canadian factory

GENERAL MOTORS and Suzuki of Japan are expected to announce later this month that they will build jointly a \$950m (£310m) plant in Ontario, Canada, to produce 200,000 or more small cars a year.

Washington waves the big stick at Taipei over trade

US patience with Taiwan's trading practices appears to be running out. Years of favourable treatment by the US have failed to impress one simple point on Taipei: fairness, rather than parity, makes the trading world go round.

Taiwan maintains that these measures are needed because it is still a developing nation. What Taiwan, it seems, fails to understand, however, is the potential of importation from other nations as the US which imports huge quantities of goods from Taiwan, often through American subsidiaries which originally were set up because of low wages and high protection.

Sudan and Libya sign trade agreement

SUDAN and Libya have signed a \$60m trade agreement, Sudanese Commerce Minister Mr Abu Harira announced yesterday.

Foreign groups targeted in US sanctions bill

SENATE Republicans seeking sanctions against South Africa have fashioned one little-noticed enforcement tool in the bill to be debated this week on the Senate floor.



MANAGEMENT: Small Business

Importing

Dictating a fashion

David Gumpert explains how a US flower dealer began marketing a touch of style to stand out from a ground band of competitors

IT WAS BACK in early 1984, as Christine Martindale recalls it, that her Miami-based flower-importing company's marketing problem first became noticeable. Her five-person sales staff suddenly discovered that it couldn't get existing and potential customers owners of flower wholesaling companies — to come to the phone and answer inquiries about ordering flowers.



She has distinguished herself favourably from competitors in large measure because she is in an industry that traditionally hasn't been extremely market-oriented. Flower growers in Colombia, Costa Rica, and elsewhere are accustomed to providing what's in demand. Miami importers have mostly been content to play the role of intermediary, shipping on to wholesalers whatever growers supply.

sign a brochure that emphasises Esprit's interest in fashion and colours. The brochure's black-and-white cover boldly states: "Once you see our colours, everyone else's might as well be black and white." Inside, the brochure contains brightly coloured flower photos. She has used the same theme in advertisements placed in flower industry publications.

Exporting

Seeking fresh growth areas

In the first of a series Martin Posner offers dos and don'ts of tapping foreign markets

"I WILL never get involved in another export deal." Too many first time exporters rush eagerly into new markets only to bury their fingers because they failed to do their homework. If small businesses cannot increase their sales at home, exporting can dramatically increase turnover. Profit margins, too, can be far higher if the many practical details of selling overseas are properly appreciated.

Will it sell at the price? Will the customers pay? Can credit insurance be obtained? It might seem impossible to answer all these questions, but help is at hand. The British Overseas Trade Board has more than 20 schemes to help UK businesses to succeed in selling overseas.

IN BRIEF

THE INSTITUTE of Directors is to run a one-day seminar on September 11 entitled "Expansion through Franchising". There will be a panel of speakers explaining what franchising involves, how to raise sufficient capital to get started, the tax implications and any legal problems that may arise.

THE PATH to self-employment has been made easier for those on Government schemes as a result of recently foreshadowed changes. Participants on the Community Programme, the Voluntary Projects Programme and adult training courses funded by the Government and administered by the Manpower Services Commission can now move directly on to the Enterprise Allowance Scheme without having to re-register as unemployed.

Under the Enterprise Allowance Scheme financial help of £40 a week for 52 weeks is available to people who have been unemployed for eight or more weeks and who have a business venture in mind and £1,000 to invest in it but who may be put off working for themselves because they would lose entitlement to state benefits.

Participants were already allowed to count their time on their project or course as unemployment for the purposes of satisfying the scheme's eight-week unemployment condition. The findings are described in the latest issue of the National Westminster Bank's Small Business Digest and relate to a survey which was carried out among more than 4,000 of the digest's readers.

Just under one-fifth were in the distributive trades and 16 per cent in manufacturing. Regularly, most responses (38 per cent) came from those operating in London and the South-East, with 12 per cent in the South-West and just 3 per cent in Wales.

Getting advice was cited as a difficulty by nearly 7 per cent. The survey showed that just under a quarter of respondents claimed to be members of a general small business representative body, with nearly half saying they had joined some other professional or trade body.

Several companies have spent fortunes in flying out sales personnel to a country to start cold calling without checking any of the local customs. They were amazed that no orders were gained.

The export plan should include the export country and a time and budget schedule so that it can then be decided in principle if exporting is practical, possible and if it could be profitable.

Business Opportunities

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A new 24 track recording studio seeks participants interested in its business venture.

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# Unsettled by Big Bang

By Alan Cane

## Egypt calls on its friends

EGYPT, since the visit by the late President Sadat to Jerusalem in 1977, has not only built up a substantial political credit balance but also made sure that others appreciate how much its diplomatic weight and strategic geographical position affect any assessment of future Middle East stability. It is that investment which it is now seeking to draw on to alleviate a mounting debt crisis.

little sign of recovery in the short to medium term. The government is already well behind with debt repayments, the most pressing of which is the \$500m due this year on its \$4.3bn military debt to the US.

In the 16 years since the death of President Nasser, Egypt has moved out of the Soviet orbit firmly into the Western camp. It has signed and sustained a peace treaty with Israel. The danger of another major conflagration has been reduced and Israeli leaders can sleep more easily at night.

The Egyptian response so far has been primarily political. President Mubarak visited in quick succession three of his European creditors — Italy, France and Britain — and last week impressed on Mr George Bush the need for US assistance through debt rescheduling and the conversion of project aid into cash grants. Cairo would also like to see the IMF drop its insistence on a performance-related stand-by facility and adopt the more flexible approach recently shown in its negotiations with Mexico.

### Global schemes

These aid and credit flows were in part aimed at helping Egypt to break free from President Nasser's legacy of a heavily centralised, dirigiste economy and to move towards the prime objective of which was to provide jobs (not necessarily employment) and cheap food for a population now growing at the rate of about 11 per cent every nine months.

They may seek solace in global schemes for reconstructing Third World debt and linking interest payments to commodity prices but this is unlikely to impress a country such as Egypt which is utterly convinced of its "special case" status.

### Military debt

President Sadat, badly scarred by the food price riots in January 1977, never again attempted to tamper with the system of state subsidies which has largely protected the Egyptian consumer from the ravages of inflation in the world commodity prices. President Mubarak, in spite of a stated preoccupation with the problem and plentiful international and domestic advice, has done more but is still only nibbling at the edges.

Just how "special" the case is supposed to be was underlined in February when riot police went out and rampaged more than 100 people were killed before the army restored order. Lurking behind that violence is the spectre of Islamic extremists causing far worse damage to the country than the ravages of the Islamic savagery imports cuts and reductions in subsidies.

## Freedom for unit trusts

THE UNIT TRUST business in Britain has operated since the Second World War within a relatively tough regulatory framework. It has also, by the standards of the banking or insurance sectors, been relatively free from scandal.

standard to convey a genuine health warning to the effect that unit prices may not be what they appear and that units may not be redeemable if investors simultaneously recognise the conditions of the property market are taking a turn for the worse.

In the light of that record, the Department of Trade and Industry might have been expected to adopt a minimalist approach in modifying the criteria for authorising unit trust schemes to bring them into line with the requirements of the Financial Services Bill and the recent European Community directive on unit trusts.

Similarly, it is important for the investor to know whether the decision to disinvest, when prices are falling, is to be taken by the manager or left to the investor. But there is no reason why investors should not be free to choose between the declared investment policies of different trusts.

Such liberalism does, however, carry risks for the consumer. Property, for example, is a relatively illiquid investment. The unhappy experience of professional investors in pension fund property unit trusts over the past three or four years amounts to a salutary warning here.

Other sensible features of the consultative document include the long-overdue suggestion that dealing commissions incurred by unit trust managers in raising their investments should be disclosed in the annual accounts.

WITH LESS THAN 90 days to the "Big Bang" which will change the London Stock Exchange irrevocably, the stockbroker sighed wearily and reflected on the exasperatingly slow progress his company was making towards a new, computerised settlement system.

"Our computer specialist is really very good," he mused. "It's just that he refuses to be constrained by what he sees as an artificial deadline like Big Bang."

Artificial Big Bang may be, but it still seems invariable. Mr Patrick Mitford-Stade of Cazenove, chairman of the projects committee of the Stock Exchange, told an audience of worried stockbrokers last month: "We are aware that some firms are facing difficulties and we are doing all we can to help them. But let us not be fooled, Big Bang cannot be delayed."

The deadline is October 27, when the City abandons minimum commissions for stock transactions and so unleashes a string of fundamental changes in British stockbroking.

Second, the end of minimum commissions in London seems certain to show up the cost of settlement in an unfavourable light. Mr Peter Bennett, newly appointed managing director of Financial Clearing and Services (FICS), one of two "clearing members" (a member which does not trade on its own account but clears other companies' bargains) which will be operating in the Stock Exchange after Big Bang, argues that settlement costs in London are too high, at well in excess of £20 a bargain.

COMPUTERISED SETTLEMENT has been one of the success stories of the London Stock Exchange. The two computers, Charm and Talisman, one concerned with matching bargains, the other with the final settlement, have settled over 27.7m bargains over the first seven years of their existence to a total value of £354.5bn.

They have never lost a day's service and on no more than ten occasions have there been interruptions in the service lasting over three hours. Only £18,800 has been paid out in that time to settle claims made against the system for faulty settlement.

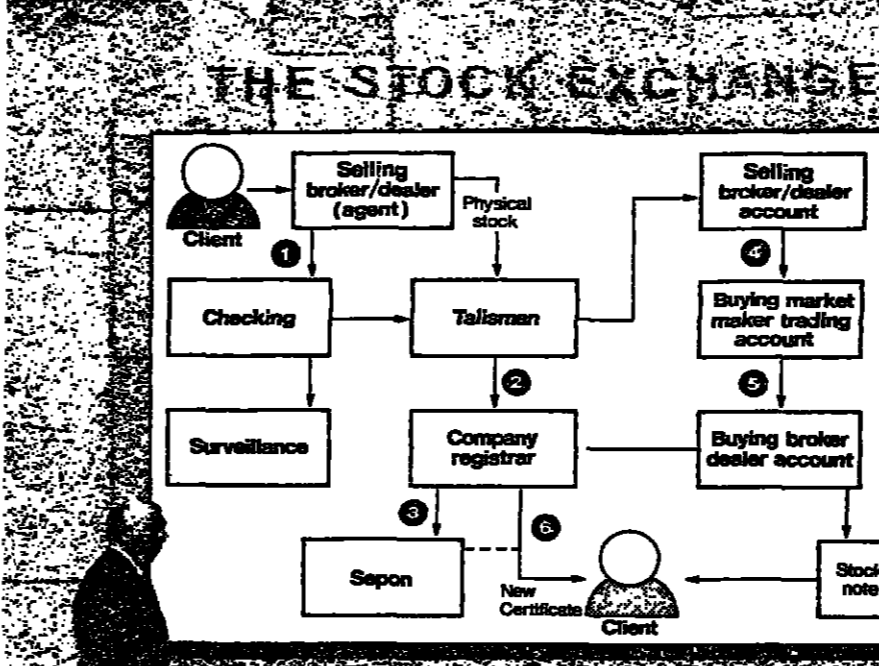
## Dean condemns foreign print

The spate of "instant" souvenir books on the recent royal nuptials has provoked a furious reaction from Brenda Dean, general secretary of the print union Sogat '82.

Not that she is anti-monarchy or even anti the idea of publishers making a quick killing. In fact, she thinks the wedding of the Duke and Duchess of York — or "Fergie and her fellow," as Dean writes familiarly in the latest issue of the Sogat Journal — offered her book industry members the chance to demonstrate the speed and skill of their work.

What angers Dean is that two of the leading "quickie" books, including one by newscaster and royal interviewer, Sir Alastair Burnet, were printed in Spain. "You are quite right to tell us of the superiority and technical skill in your industry (not unknown for the occasional labour relations problem)," she says in an open letter to Burnet. "So how come a right royal occasion carrying your name has to go abroad for its print and publication?"

This is unlikely to satisfy Dean, who challenges: "Although I'm no betting person, I'd wager a fever for Sport-Aid against turf fancier Sir Alastair that neither he nor his publisher can show me a book on Spain's King Carlos that wedding produced in similar circumstances in the UK."



Once a bargain, here shown as a sale of stock with broker/dealer acting as agent, has been agreed, details are checked, matched and passed to surveillance and to Talisman (1). The broker dealer, on behalf of his client, delivers the

physical stock certificate to a Talisman office which sends it to the registrar of the company concerned (2). He registers it in the name of the nominee company, Sepon, but issues no certificate. The stock is "dematerialised" (3).

At settlement Talisman moves the uncertified stock from the selling broker dealer's account to the buying market maker's trading account, so completing that half of the deal (4). If the market maker has sold the stock on, Talisman moves

it into the buying broker dealer's account (5) and issues a stock note so the broker/dealer can claim from his client and an instruction to the company registrar to prepare a new share certificate in the name of the buyer (6).

between jobbers and brokers through two computer systems, Charm and Talisman. As the accompanying article indicates, the introduction seven years ago of this central clearing facility was a major step forward in Stock Exchange automation.

Individual members have to decide for themselves how best to automate the settlement of accounts between themselves and their clients, private and institutional. Their options include using a computer bureau, installing their own system, whether packaged or tailor made, or, after October 27, going to a clearing member. Change is necessary because

Charm and Talisman have to be altered to take account of dual capacity trading, a larger number of market makers, new surveillance requirements and other features of the new market structure. The members' own settlement systems must work smoothly with the modified Talisman.

One company, Penney Easton of Glasgow, has decided to contract out both its settlement and trading administration. Last week it got rid of its front and back office and turned instead to Broker Services, the second clearing member and a company set up jointly between Barclays Bank and NMW Computers, a major stock processing bureau.

Broker Services believes it will be completely ready for Big Bang, a situation which, to judge from the nervousness in the market, is not enjoyed by many companies.

Among the more public traumas in the past few weeks have been:

## A TALISMAN FOR THE FUTURE

Talisman, when it was inaugurated in 1979, revolutionised the settlement business. It simplified it, centralised the most labour-intensive operations in brokers' and jobbers' offices and cut staff overheads.

But Talisman was designed for single capacity trading and tuned to the old market structure with a limit of 15 jobbers only for every security.

computer program code in the 67 sub-systems."

The problem with modifying an old system like Talisman rather than creating a new animal like Seag is the way changes in any part of the computer code affect other, apparently unrelated parts of the overall system.

## Men and Matters

Jeffrey Port of Leeds, chief executive of Israel Auction Mart, a newly-formed land and property auction house, has not been having too easy a time in Israel lately.

As the man behind Israel's first property auction in Tel Aviv a few days ago has had to bear responsibility for the event turning out to be a flop.

Only two minor sales were agreed of the 60 lots on offer. Already locked in a legal dispute with the chief vendor, Port has now been barred by a court from leaving the country until a hefty bill has been paid for promotional advertising.

At that point two things happened. The commercial property market in Israel went into a slump. And some of the main assets, valued at about \$50m, were put into receivership.

## Port hammered

The picture it evokes of the leisurely life-style of travellers in 1946 contrasts vividly with the experiences of the guide's \$5,000 constantly jet-lagged subscribers today.

Those were the days when (according to the guide's adverts) you boarded your airplane with a packet of Bovril sandwiches for refreshment; when you needed a visa for most countries in Europe; and carrying a camera was largely forbidden.

For £300, British Airways would whisk you out of London on a Sunday morning and put you down in Sydney the following Wednesday. Or, if that was a bit too fast, you could take a flying boat from Poole, Dorset, touch down at 13 places en route and land in Sydney on the Friday.

theless, that there is no prospect of falling to meet the October deadline. Estimating the likely volume of bargains after Big Bang is another matter.

The division forecast an average of 18,000 bargains a day for 1985-86 with peaks in the 30,000 region; in fact, the average was \$1,000 with peaks close to 50,000 bargains a day.

"For 1986-87, we planned on the basis of an average of 25,000 bargains a day for the whole year with sustained levels of several weeks with the market running at 40,000 bargains a day rising to peaks of 50,000," says Mr Baker.

"In addition we have a contingency plan that would enable us to run at 40,000 bargains a day as an average with sustained levels of 60,000 a day for several weeks. We should be able to cope with maximum peaks of 90,000 bargains a day."

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FINANCIAL TIMES

Tuesday August 12 1986

TROLLOPE & COLLS

Construction Refurbishing Management 01-377 2500

Andrew Taylor reports on concern over exports of cheap cement to Britain

Greeks send UK shipload of troubles

JUST OVER eight weeks ago, Seamount VI, carrying 5,000 tonnes of Greek cement, was towed into Tilbury Dock on the Thames in east London...

The European Commission decided three weeks ago to take no further action against East German, Polish, Yugoslav and Spanish cement manufacturers...

British manufacturers, in spite of government investigations in 1983 and 1974, continue to operate a common pricing agreement...

Blue Circle, Britain's largest cement producer, says the arrival of Seamount VI made it bring forward its decision to cut the number of its delivery drivers...

The big three, Blue Circle, Rio-Tinto Zinc and Rugby Portland, have combined capacity in the UK

to produce about 15.5m tonnes of cement a year. Last year sales by the three totalled around 13m tonnes.

By comparison, imports of cement into the UK totalled only 366,000 tonnes with around two thirds of imports coming from other Common Market countries.

So why all the fuss over the arrival of Seamount VI? The industry has complained before that cut-price imports are about to overwhelm the domestic market...

Firstly, say the manufacturers, Seamount VI is not an ordinary bulk carrier but a sophisticated floating cement terminal which will be permanently moored at Tilbury.

Second, they claim that Greek cement manufacturers, no slouches when it comes to exporting, have large amounts of surplus capacity...

Third and most important, subsidies available to Greek manufacturers will enable them to substantially undercut prices charged by British producers.

According to the Cement Makers' Federation, the price of Portland cement in Britain with a five-mile delivery charge is £43.24 (£63 a tonne).

The margin for undercutting British prices is considerable, even allowing for the cost of transporting the cement from Greece to Tilbury.

CEMENT PRICES\*

Table with 2 columns: Country, Price per tonne. Includes Finland, France, Greece, Italy, Netherlands, Norway, Ireland, Sweden, W. Germany, UK.

\* Domestic price of comparable quality ordinary Portland cement - quoted ex-works, except in West Germany where price is average delivered to site, and UK where price is for cement delivered 5 miles. Converted from local currencies at August 4 rates.

Source: Cement Makers' Federation

costs of delivering to a large number of small customers.

In Northern Ireland, where Blue Circle is the sole British producer, imports of largely bulk cement from West Germany accounted for just under a quarter of the local market.

Mr Jack Shephard, marketing director for Blue Circle, says a variety of government subsidies are available to Greek cement manufacturers...

These include an 18 per cent subsidy on the cost of producing cement for export, a concession allowed by the EEC under Article 108 (3) of the Treaty of Rome...

Mr Alan Clark, British Trade Minister, last month asked the European Commission to end immediately the concession on Greek cement exports.

Mr Anthony Maynard, sales director of Seamount UK, claims the powerful British cement industry lobby has grossly overstated the likely volume of imports...

Initially we shall be seeking sales of approximately 300,000 tonnes a year from the two floating terminals in Liverpool and at Tilbury.

in a radius of around 25 miles around each port.

The company has not yet finalised its pricing arrangements but it is thought unlikely that it will undercut British prices by more than 10 per cent.

"British cement prices, using the Cement Makers' Federation's own figures, are more expensive than in a number of European countries. Do they wish to be protected from these markets as well? They have got very excited about EEC approved subsidies...

The unspoken criticism - Seamount says it does not want to get involved in a mud-slinging match with the cement industry - is that British manufacturers, cushioned by the kind of common pricing agreement that has not been tolerated in other industries...

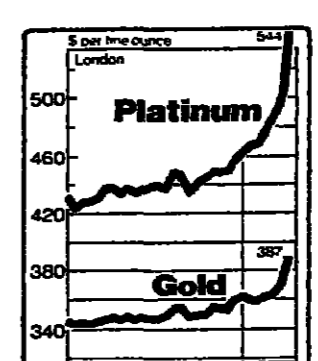
The cement industry says that separate investigations into the common pricing agreements have found that it does not operate against the public interest.

Whether the cement manufacturers are crying 'wolf' over foreign imports is another matter. They would argue that the most important lesson to be learned from the story of the boy who cried wolf is that the wolf eventually came.

THE LEX COLUMN

A flash in the pan

It must be one of the surest signs of international blanket-hugging when the price of gold rises by 10 per cent in a couple of days. Such a move may seem like mere margin of error to the hard cases in the crude oil futures market...



low-quality business is looking questionable since Hawley started adding to its stake. Whether Hawley has merely built up 22 per cent to prevent BET managing a clearing business to rival Hawley and Fritchard or will actually bid for Brengreen rather than tender for a hit move is open to question.

Neither prospect can be pleasing to GT, or, it appears, to its shareholders. The Berry account is worth £500,000 a year in revenue to GT, less than 2 per cent of total turnover but nevertheless important.

Insider trading. Of all unrewarding occupations, the pursuit of insider trading must take the biscuit. In the year to March, the London Stock Exchange quotations department examined several hundred fishy price movements...

Lawyers, engineers in EEC recognition bid

BY HAZEL DUFFY IN LONDON

PROFESSIONAL engineers and lawyers throughout the EEC are seeking separate recognition under proposed European Community rules...

The European federations of the national governing bodies of engineers and lawyers have agreed proposals which they hope will form the basis of negotiations with the European Commission...

Agreement to recognise the different professional qualifications in the member states is one of the priorities identified in the internal market programme to lift national barriers...

The Commission is anxious to speed up mutual recognition, which was the reason for it proposing a general directive.

Japanese groups seek courts' protection as liabilities grow

BY YOKO SHIBATA IN TOKYO AND GORDON CRAMB IN LONDON

THE DOWNTURN in business climate this year across a wide spectrum of Japanese industry was given stark emphasis yesterday when two long-established medium-sized companies - a quoted steelmaker and an office equipment venture - independently sought court protection from their creditors.

Kokko Steel Works, which specialises in small bar products for the construction and civil engineering industries, applied to the Osaka District Court for protection under Japan's newly-used Corporate Rehabilitation Law...

In Tokyo, Miroku, a maker of office accounting and information equipment which was among the pioneers of the country's venture capital industry, filed a court application seeking supervised negotiations with its creditors.

Liabilities of the two could together reach as much as ¥85bn (\$421.8m).

Miroku gave no similar figures but Teikoku Data Bank, a private credit research agency, estimated Miroku's liabilities at ¥25bn. This would make it the biggest collapse of a Japanese venture business, exceeding the ¥24.6bn of debts owed by Daiichi Sangyo...

In addition, if outstanding guarantees were included in Miroku's liabilities, the total would rise to ¥50bn.

Kokko's shares were suspended on the Osaka Stock Exchange yesterday after falling to their ¥50 par value. In 1973 they were changing hands at up to ¥338.

The company has been hard hit by the recession in the electric furnace industry, while the steep appreciation of the yen since last autumn has devastated its exports...

Interest rates move expected

Continued from Page 1

It is felt that the Reagan administration needs some tangible evidence of help from its leading partners if it is to stave off growing protectionist pressure in Congress.

George Graham in London, adds: Foreign exchange markets remained quiet yesterday following the meeting between Mr Volcker and Mr Pöhl...

Finance chief quits BankAm

Continued from Page 1

agreement changes at BankAmerica mounted last week after Mr Thomas Cooper, president of the bank holding company, and Mr Poelker, abruptly cancelled a briefing with analysts in New York.

Wall Street investors reacted negatively to the news yesterday fearing that it would delay BankAmerica's long-awaited recovery.

While Bank analysts generally accepted Mr Poelker's explanation for his decision, they also viewed the move as another indication of the severity of the credit quality problems facing the group.

Chase unit dropped over 'stags'

BY NICK BUNKER IN LONDON

WINDSMOOR, THE British clothing manufacturer, has dropped Chase Manhattan Securities as its financial adviser because of personal dealings by Chase employees in the company's shares.

In a brief statement yesterday, Windsmoor said it was appointing Phillips and Drew, the London securities house, as its new stockbroker and adviser.

Chase Manhattan Securities, a London subsidiary of the New York banking group, acted as issuing house for Windsmoor's stock market flotation last month.

Detention laws under review

Continued from Page 1

bid the publication of any 'subversive statement' and allow the Minister of Law and Order to seize any publication which he deems to be detrimental to the public interest.

The Durban court's decision to declare clause 3(1) and 3(3) of the emergency regulations invalid and order the release of Mr Tsemoli led to an adjournment in the Pietermaritzburg case until August 18.

Some leading London stockbrokers have strict rules which discourage staggings by their employees and forbid it where the house is acting as broker to the issue.

Aquino urges debt swap

Continued from Page 1

The limits would be even tougher in non-priority - but more profitable - investments such as commercial banks, petroleum trading or manufacturing.

Bankers assessing the proposals may also be concerned about the Government's foreign investment policy which is still being considered.

The limits would be even tougher in non-priority - but more profitable - investments such as commercial banks, petroleum trading or manufacturing.

World Weather table with columns for location, temperature, and other weather-related data.

Mr John Reed, chairman of Citicorp which has \$1.7bn in loans to the Philippines, has told Philippine officials of his group's intention to participate in the swap arrangements.

Mr Ken Reading, its London head of securities and trading, has announced that in future employees will be forbidden to deal in stocks which the house has brought to the market.

Alexanders Laing & Cruickshank Holdings Ltd advertisement featuring a logo and text: 'The International Securities House purpose built for the mid 80's and beyond...'

# SECTION II - COMPANIES AND MARKETS FINANCIAL TIMES

Tuesday August 12 1986



## PROBLEMS AT ALLEGHENY INTERNATIONAL

# Why the buck stopped at Buckley

BY TERRY DODSWORTH IN NEW YORK

YEAR	SALES (\$m)	NET INCOME (\$m)
1981	1,822.3	81.0
1982	2,387.2	47.3
1983	2,067.8	23.3
1984	2,034.4	14.3
1985	2,056.7	(109.1)

Research Associate: Rivka Nischorn

IN THE DAYS when Mr Robert Buckley seemed to be doing all the right things as the flamboyant new chairman of Allegheny International (AI), the Pittsburgh-based company developed a nice line in glossy annual reports.

The vivid photographs and confident prose spun a story of a group that was determined to expand and knew where it was going. "Our management is vigorous and aggressive" shareholders were told in 1980. A year later, Mr Buckley explained his policies of assuming heavy borrowings for a spending spree which had brought two internationally-known consumer products companies, Wilkinson Sword and Sunbeam, into the group.

"Allegheny will continue to utilise leverage to enhance the total return to its shareholders," he said. The acquisitions, he added, were part of a policy of balanced diversification which had put the company "in the enviable position of being able to sustain earnings in good years and bad."

Mr Buckley's sudden resignation at the end of last week put a very different light on the diversifications and the borrowings - to say nothing of the aggressive management style.

His departure followed a thumping \$109m loss in 1985 after three years of rapidly declining earnings, when interest expense hovered con-

tinuously around \$100m a year, despite all efforts to reduce debt. And he left the company pursued by shareholder unrest and a suit filed against the directors for "self-dealing, waste of corporate assets, and grossly improper business decisions."

What went wrong? Back in late 1977, when Mr Buckley became chairman of AI, Wall Street largely approved his strategic plans. He inherited a company which was heavily involved in steel and metals fabrication, and well before many larger companies saw the need to shift assets out of these areas, he was aiming to diversify.

In 1980, AI changed direction decisively with the sale of Ludlum Steel and a series of four acquisitions which took the group deeply into consumer products for the home and garden. By 1981, sales from these divisions totalled almost \$800m, with a product range from kitchen appliances to electric blankets, lawn mowers, golf clubs and

exercise bicycles. "We got away from smokestack America before it was in trouble," said the company at that time.

On the face of it, the diversification had left AI with a well spread portfolio, with the household goods activities balanced by high-value special metals, products for the aerospace and computer industries, and a range of specialised industrial products - carbide cutting tools, x-ray equipment, water purifying systems and thermostats.

AI, however, found it increasingly difficult to live with the debt taken on principally for the \$534m acquisition of Sunbeam. The essence of Mr Buckley's plans was to sell bits of the companies he had acquired to reduce the debt to bearable proportions, but analysts say that the companies he bought contained such a patchwork of assets, and had so many poor-performing divisions within them, that AI found it difficult to clean them up.

Ultimately, the blame for the fail-

ure to act has been laid at the door of the chairman. Part of the problem seems to have been the grandiose ambitions Mr Buckley had for the company. Two years ago he told Business Week magazine that by 1988, "when he will be 65, AI would be generating \$50m in sales" - a lofty target for the group with revenues last year of \$2.1bn, down from \$2.6bn in 1982.

In the last 18 months, AI has sold off some substantial assets, including its half stake in Titanium Metals, and its West German-based Rowenta kitchen appliances division. But Mr Buckley has conceded that he probably acted too late to balance his acquisitions with divestments.

Just as significantly, the extravagant management style established by Mr Buckley, a buccannering personality who once had ambitions to be an opera singer, seems to have launched the company into a period of policy drift. Wall Street began to turn off to the group at least three years ago, partly because it began to see Mr Buckley purely as a wheeler-dealer.

It is not clear as yet what will happen to the shareholder suit. But the smooth transition to a low-key new chairman, Mr Oliver Travers, brought in from a successful spell in the consumer products division, looks set to put the company on a less turbulent course for the future.

# Sale of Wilkinson Sword in prospect

BY ALICE RAWSTHORN IN LONDON

THE MARRIAGE between Allegheny International and Wilkinson Sword - the UK-based manufacturer of matches and shaving products which forms the base of its international division - has rarely been a happy one.

Allegheny's early attempts to buy into Wilkinson, as it was called when it was a publicly quoted company on the London Stock Exchange in the late 1970s, met protests by institutional investors. The eventual takeover in 1980 provoked a stock exchange listing into misadventure. Now Wilkinson Sword is engulfed by the cloud of controversy that hovers over Allegheny.

So far Wilkinson Sword has emerged relatively unscathed. The only members of its board to have been connected with the separate entity - Lord Fanshawe, Mr Christopher Lewinton and Mr Anthony Shanagher - have all left the company.

"Hopefully we will not be affected by it," said Mr Alan Fletcher, Wilkinson Sword's president and managing director. "But I suspect that is an ambitious hope. My immediate concern is for staff morale and trade relations."

All this is a far cry from 1980 when Allegheny acquired Wilkinson Sword as the spearhead for its expansion into international consumer goods.

Wilkinson Sword - which had suffered badly from its failure to respond to the introduction of the disposable razor by Bic the French group, in 1977 - perceived Allegheny as a source of sorely needed investment capital, and through its True Temper garden products division, as a foothold in the US market.

Allegheny has since turned to electrical appliances, rather than matches and razor blades, as the focus for its international expansion

through Sunbeam, which it took over in 1981, and Rowenta, until its disposal in June.

Wilkinson Sword is now on a firmer footing, although it is impossible to gauge the company's overall performance given that different areas of activity are consolidated within different Allegheny divisions. Analysts estimate an increase in turnover from \$300m to \$330m between 1984 and 1985 and a rather slower increase in profits, but many of the problems that plagued the company before the Allegheny takeover still persist.

Under Allegheny's ownership Wilkinson Sword has combined stringent cost-cutting with an ambitious product development programme.

"In many ways Allegheny has thrown money at the company," said Mr William Mellor, director of investment management at Legg Mason Wood Walker in Baltimore.

"But it has not received an adequate return on the capital employed."

In the shaver market Wilkinson Sword is still trapped between the US group, Gillette, which dominates the upper end, and Bic at the lower end.

Mr Fletcher claims sales growth of between 5 per cent and 10 per cent a year. But much of this has been gleaned incrementally from expanding into new national markets, such as Japan and Brazil, with the high start-up costs that entails.

Meanwhile in matches Wilkinson Sword has clung to its dominant share of most of the major markets, but those markets are shrinking because of the decline in smoking and increased use of lighters. "All we can do is rationalise and rationalise again," said Mr Fletcher.

The most likely solution is that Wilkinson Sword will follow the path of Rowenta and be sold.

## Investment bank buys Budget Rent A Car

By Terry Byland in New York

TRANSAMERICA Corporation, the San Francisco-based insurance, leasing and services group, announced the first step in its planned divestiture programme with the sale of Budget Rent A Car to Gibbons, Green Vanamerongen, an investment banking company which heads a Budget management group.

Gibbons is paying \$265m cash and assuming Budget's existing debt of about \$286m. Budget operates the world's largest franchise vehicle rental system but rates about number three in direct vehicle rentals in the US, with revenues of \$332m last year.

Budget's current management is participating in the deal, and Gibbons intends to provide "substantial additional financing" for the rental company's continued expansion and growth. Transamerica will receive warrants exercisable for five years, offering it up to 10 per cent of the new Budget company. The Budget deal, if completed, will bring to about \$1.1bn the total of leveraged operations arranged by Gibbons this year.

Transamerica said earlier this year that it intended to trim its operations down to the core insurance and related businesses by selling off Budget Rent A Car, Transamerica Airlines and Delaval, a diversified manufacturing company.

An executive of the California-based group said that while "active efforts" were being made to sell Delaval and Transamerica Airlines, no deals had been struck yet.

The sale of Budget will bring Transamerica an after-tax gain of about \$50m on completion, which is expected on September 30. Budget's operations, like those of the other two divisions planned for disposal, were classified as discontinued last year and thus excluded from Transamerica's total revenues of \$5.8bn.

## Accountants press for merger to form world's largest practice

BY LIONEL BARBER IN LONDON

SEVERAL international accountancy firms are trying to persuade KMG, the international practice that has a particularly strong European base, to agree to a merger to produce the largest worldwide accountancy business.

Mr Bill Morrison, managing partner of KMG Thomson McLintock, the British arm of KMG, said yesterday that several firms had "left their calling cards." But he declined to confirm or deny strong industry speculation that the interested parties included Peat Marwick, Ernst & Whinney, and Arthur Andersen.

Those three firms are among the "Big Eight" international accountancy practices. A merger with any one of them would create the largest worldwide organisation, with annual fee income of more than \$2bn. Arthur Andersen, at present number one, has international fee

income of around \$1.6bn.

Last September, Peat Marwick held inconclusive merger talks with KMG. One obstacle in the talks centred on opposition from KMG's European affiliates, who were concerned that their prominent role might be undermined in a big merger.

KMG's international organisation, Klynveld Main Goerdeler, based in Amsterdam, has clients such as Royal Dutch/Shell and Akzo, the Dutch chemicals business. West German clients include Daimler-Benz, BMW and Siemens.

Mr Peter Godfrey, senior partner of Ernst & Whinney in the UK, said yesterday that a letter suggesting a worldwide merger of the two firms had been sent to KMG, but so far there had been no response. Last June, Thorne Riddell, a Toronto-based affiliate of KMG, agreed to

merge with the Canadian associate of Ernst & Whinney.

Mr Jim Butler, senior partner of Peat Marwick in the UK, said yesterday that no formal merger talks with KMG were taking place. He reaffirmed Peat's previously stated view that any such merger "must make strategic sense" and said that Peat had kept in contact with KMG.

Over the past two to three years, the accountancy industry has heard regular rumours of mergers, with many firms arguing that size is the best way to gain new audit clients. The difficulties of merging international accountancy practices range from cultural differences to rivalries between national partnerships and fears of Anglo-American dominance within a new group. An attempt to merge the international operations of Price Waterhouse and Deloitte Haskins Sells founded in 1984.

## UK group forced to alter acquisition terms

BY LIONEL BARBER IN LONDON

TWO LARGE UK institutions, Prudential Assurance and M&G Investment Management, have again forced a UK public company to re-evaluate the terms of an acquisition in favour of existing shareholders.

Heywood Williams, glass and aluminium specialist, said yesterday that it had altered the financing of its £23m (\$34.04m) deal to buy HAT Glass from HAT Group and UBM Glass from Norcor following pressure from several institutions, led by the Prudential and M&G.

Under the revised terms, existing Heywood shareholders will have the right to "claw back" 100 per cent of the new shares issued by Heywood to finance the two acquisitions. Before institutional pressure, Heywood, advised by Lloyd's Merchant Bank, had proposed selling some of the new shares to outside

investors, the so-called vendor placing method of financing.

Last week, Boots, the UK retail chemist and pharmaceuticals manufacturer, offered a similar 100 per cent clawback when it issued 164m new shares to raise £377m to pay for Flint Laboratories, a drug manufacturing subsidiary of Baxter Travenol Laboratories, of the US.

Mr Jim Findley, senior investment manager at the Prudential, said he welcomed Heywood's decision to alter the financing.

Heywood is paying £10m for HAT Glass, the parent of which is contesting a £33m bid by BET, the diversified industrial services group. It is paying £13.5m for UBM Glass, acquired by Norcor, the building products group, which acquired UBM in an agreed £11.5m deal last year.

## Argentine airline to be sold off

By Tim Coone in Buenos Aires

AN ARGENTINE state airline, Austral is to be placed on public offer "within the next 15 days," according to Mr Norberto Bertaina, one of President Raul Alfonsin's top officials charged with organising the privatisation of Argentina's state sector companies.


The sale of Austral "is very important to us as the success or failure of the sale will influence the future of the whole privatisation plan," he said. Presidential approval of the decision is expected before the end of the week.

The company ran up debts estimated at \$200m, which have now been absorbed by the state.

Austral operates about 29 routes within Argentina with eight BAC 111s which were purchased between 1970 and 1973 and three leased DC-9/80 aircraft.

These securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only.

NEW ISSUE 11th August, 1986



## OSAKA GAS CO., LTD.

(Osaka Gas Kabushiki Kaisha)

U.S. \$50,000,000

8¼ per cent. Notes 1993

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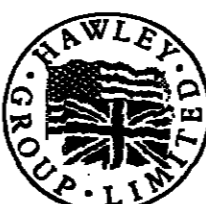
Issue Price 101¼ per cent.

Nomura International Limited

<p><b>Daiwa Bank (Capital Management) Limited</b></p> <p><b>Sanwa International Limited</b></p> <p><b>Banque Paribas Capital Markets Limited</b></p> <p><b>Chemical Bank International Limited</b></p> <p><b>Hill Samuel &amp; Co. Limited</b></p> <p><b>LTCB International Limited</b></p> <p><b>The Nikko Securities Co., (Europe) Ltd.</b></p>	<p><b>Manufacturers Hanover Limited</b></p> <p><b>Swiss Bank Corporation International Limited</b></p> <p><b>Chase Investment Bank</b></p> <p><b>Daiwa Europe Limited</b></p> <p><b>IBJ International Limited</b></p> <p><b>Morgan Stanley International</b></p> <p><b>J. Henry Schroder Wagg &amp; Co. Limited</b></p> <p><b>Yamaichi International (Europe) Limited</b></p>
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This announcement appears as a matter of record only. AUGUST 1986

# £75,000,000



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with transferable advances

Guaranteed by

Hawley Group Limited

Arranged by

Credit Suisse First Boston Limited

Funds provided by

Credit Suisse	Dresdner Bank AG <small>London Branch</small>	Midland Bank plc
Australia and New Zealand Banking Group Limited		Arab Banking Corporation (B.S.C.)
Crédit Lyonnais <small>London Branch</small>		The Long-Term Credit Bank of Japan, Limited
The Royal Bank of Scotland plc		The Rural and Industries Bank of Western Australia
Société Générale <small>London Branch</small>		Union Bank of Switzerland
Nederlandsche Middenstandsbank NV		
Bank of Scotland	The Fuji Bank Limited	Kansallis Banking Group
National Bank of Canada		State Bank of New South Wales

Facility Agent

Credit Suisse First Boston Limited

INTERNATIONAL COMPANIES and FINANCE

Bankers cool on Tokyo's new status symbol

TOKYO IS about to acquire one of the major status symbols of international finance...

Mr Paul Hofer, manager of Credit Suisse in Tokyo and chairman of the Institute of Foreign Bankers in Japan...

yen is an international currency in which an increasing number of international syndicated loans and bond issues are denominated...

And, as in the New York offshore market, banks will have to keep their offshore accounts totally separate from their domestic ones...

any other tax. Mr Toyoo Gyohten, Vice - Minister of Finance for international affairs, said recently that he was optimistic that the market would start out initially at around \$70bn in outstanding and rise quickly to \$150bn...

Hillsdown in £100m paper programme

HILLSDOWN HOLDINGS, the fast-growing British food and furniture group, yesterday announced a £100m sterling commercial paper programme...

Y50bn Eurobond for Nippon Telegraph

NIPPON Telegraph and Telephone (NTT) yesterday launched a ¥50bn 10-year issue into a firm Eurobond market...

The floating-rate note market is showing signs of digestion given the large amount of paper issued recently...

Temora lease for Paragon Resources

By Kenneth Marston, Mining Editor. PARAGON RESOURCES, formerly Seltruss Holdings, has received a mining lease for its Temora open-pit gold venture in New South Wales...

Futures group in \$52m placing

REFOCO GROUP, the parent of the world's largest futures commission merchant, has moved to consolidate its financial structure by making a \$52.5m private placement of seven-year unsecured senior notes...

Good year for Bell associate

By Robert Kennedy in Sydney. J. N. TAYLOR HOLDINGS, 48 per cent owned by Bell Group, has followed the impressive results from its stablemate Bell Resources last week by reporting a profit increase from A\$2m to A\$11.8m (US\$6.8m) in the first half of 1986...

BANCO DE BILBAO BILBAO INTERNATIONAL LIMITED U.S. \$150,000,000 GUARANTEED FLOATING RATE NOTES DUE 2001

Setback for Gefco and Msauli

GRUQUALAND EXPLORATION (Gefco) and Msauli, the two quoted South African asbestos producers, continued to suffer from declining sales volumes in the first half of the year...

FT INTERNATIONAL BOND SERVICE

Table listing international bonds with columns for Issued, Bid, Offer, Change, and Yield. Includes sections for STRAIGHTS, CONVERTIBLE, and YIELD STRAIGHTS.

Paris trading experiment to be extended

THE PARIS stock exchange is to extend its experiment in continuous trading later this month as part of the campaign to modernise the bourse's image...

INTL. COMPANIES & FINANCE

FOOD GROUP MOVES DECISIVELY TOWARDS A UK COMPANY

Goodman cool on RHM ambitions

BY ANDREW GOWERS IN LONDON

MR PAT GOODMAN has every reason to be pleased with his first shopping trip to London. Before leaving for Honolulu recently the chairman of Goodman Fielder, the Australasian food group, spent £107m (\$158.3m) to buy what he calls a "strategic" 14.6 per cent stake in Ranks Hovis McDougall, the UK flour milling and baking group.

Until two weeks ago, the group he heads - created earlier this year by the merger of two Australian companies with the company he built up through a series of acquisitions in New Zealand - had hardly been heard of in Britain, despite being the largest food manufacturer in Australasia. It is now the largest single shareholder in one of the UK's biggest food companies.

Nor, apparently, was his visit to Britain intended to be the last. "I regard this deal as more significant than any other we have done," he said. "In no way will this be our last investment in Europe."

Goldman Fielder's RHM coup follows another, more celebrated Anglo-American incursion into the British food industry: last year's bid for Allied-Lyons by Elders DLI, the Australian brewing-to-banking group which intriguingly - is linked to Goodman via a cross-shareholding.

But on the surface at least, Mr Goodman's style could hardly be more different from the brush approach of Mr John Elliot, the Elders chairman whose attempt on Allied is still being considered by the UK Monopolies and Mergers Commission.

"We want to take a more gentle, conciliatory approach," he claims. "We want to avoid confrontation."

We want to build a long-term relationship.

Over at RHM's leafy headquarters at Windsor, just outside London, Sir Peter Reynolds, the chairman, and Mr Stanley Metcalfe, the managing director, are not amused.

They were furious when S & W Beristford, the commodity trading and processing group, sold its stakes to Goodman at the end of last month without so much as a by-your-leave. Mr Goodman did not consult them either: he knows their answer would in any case have been "no".

So what is the Goodman Fielder group? And what does it want with RHM? Is its intention really to seek friendly co-operation - or something altogether more predatory?

Goodman Fielder was created in the spring of this year by the merger of Fielder Gillespie Davis and Allied Mills of Australia with the Wellington-based Goodman group. This created a food group with total turnover of \$1.9bn (US\$895.5m), market capitalisation of about \$1.2bn and interests ranging from edible oils and margarine manufacturing to flour milling and baking.

The combined companies have an estimated 65 per cent of the Australian and New Zealand margarine market, 85 per cent of the retail market for edible oils, 30 per cent of the Australian bread market and more than 30 per cent of flour milling.

The move to merge them was long overdue. The food industry in both countries was fragmented and inefficient at a time of stiffening competition in world markets. Part of the mantle of protection with

GOODMAN FIELDER Sales by division		
	A\$m	%
Vegetable oils	337	29
Bakeries	234	18
Flour and starch	182	14
Rural	188	12
Grocery products	143	11
Special foods	78	6
Other	130	10
<b>Total</b>	<b>1,300</b>	

which they have been surrounded up to now is being dismantled as part of the neighbours' efforts to develop closer economic relations - creating an extra need, and opportunity, for rationalisation.

Following the merger, Australian brokers estimate there could be annual cost savings of nearly \$20m by 1988. Mr Goodman said the benefits could be greater still as the combined companies work to restore the Australian bread baking division, for example, to profitability and to restructure flour milling in both countries.

No combined annual figures are available yet for the group, but the Melbourne broker McCaughan Dyson estimates that the company will probably earn net profit of around \$30m in the year to June 1987, rising to \$115m in the following year.

The merger has also provided a springboard for international expansion. Mr Goodman said that none of the individual companies before the merger was large enough to have attempted an investment of the RHM kind.

As to his intentions, the chairman is playing a predictably close hand. "It would have been very easy, for us to buy the holding and build up to 30 per cent," he said.

"We didn't want to do that... But I couldn't say that for ever and a day we'd want to sit with our shareholders as it is, even if we had a marvelous working relationship. It will be constantly under review.

"In no way are we using position as a platform to launch a total bid now. Equally, we'll certainly protect our position if there's an intruder in the market," he said.

For now, Mr Goodman will say only that he is interested in getting access to RHM's research and development facilities, which are strong in areas where Goodman Fielder also has a big presence, such as wheat starch. He also almost certainly wants a seat for his company on the RHM board - and believes he could offer RHM a word of advice on improving the performance of its baking side.

Other than that, he is full of ambitious talk about "pushing added value products around the world," as he puts it. Essentially that means that he is looking to acquire companies in Europe which are involved in processing primary products coming from his own operations down under.

One possibility he raised was that RHM would be his "eyes and ears" looking for such possibilities in the UK. Whether it is also expected to function as an acquisition vehicle proper remains to be seen. The City of London is certainly deeply suspicious. "I cannot imagine that they (Goodman Fielder) want anything other than Ranks Hovis," said Dr David Lang, food analyst with brokers Henderson Crosthwaite. "And Elders is not far behind."

Additional research by Robert Kennedy in Sydney.

Renown earnings plunge 23%

BY YOKO SHIBATA IN TOKYO RENOWN, a leading Japanese clothing wholesaler, suffered a 23.2 per cent fall in pre-tax profits to ¥4.61bn (\$29.5m) in the half-year to June.

Net profits were down 20.4 per cent to ¥2.51bn, on turnover of ¥105.33bn, a dip of 0.4 per cent. The poor performance was blamed on the rise in the rate of products returned from

Haggie boosts turnover 18%

By Jim Jones in Johannesburg HAGGIE, South Africa's largest wire rope manufacturer, increased turnover by 18 per cent in the first half of this year even though work stoppages led to the loss of three weeks' production by the ropes division. The stoppages affected recovery of fixed expenses which resulted in profits rising at a lower rate than turnover.

Sales rose to R335m (\$127.9m) from R284m. Operating profits before interest increased to R47.3m from R46.3m and pre-tax profits rose to R46.6m from R41.1m. Exports were affected by the Rand's temporary strength early in the year and some of the company's export customers have come under pressure not to buy South African products.

First-half earnings per share rose to 110 cents from 101 cents and the interim dividend has been maintained at 25 cents. Haggie is controlled by Anglo American Corporation and Federale Mynbou.

Profits fall at Arab Banking

By Our Financial Staff ARAB BANKING Corporation, the Bahrain-based international bank, has reported a decline of nearly a fifth in pre-tax profits for the first half of this year, to \$61m from \$76m, after total loan loss provisions were boosted by almost 40 per cent.

Specific and general provisions amounted to \$182m compared with \$131m for the 1985 first half. Extraordinary financial reserves were meanwhile given as \$120m against \$105m. Group assets dipped slightly over the six months, to \$12.6bn from \$13.1bn at the end of 1985. The loan portfolio edged up to \$5.3bn from \$5bn, and shareholders' funds were \$100m higher at \$1.3bn.

The bank, established in 1960, is owned equally by the governments of Kuwait, Libya and Abu Dhabi.

United Gulf Bank (UGB) returned to profit in the first half of 1986, reporting earnings after provisions of \$4m compared with a loss of \$10m in full year 1985, Reuter adds from Bahrain.

The bank said it expected a steady earnings performance to continue for the rest of 1986 and that past problems had been overcome. UGB was one of five banks involved in a failed merger talks last year. Shareholders of another of these banks - Bahraini Kuwaiti Investment Group - yesterday agreed a merger with Bahrain International Investment Centre.

UGB said total loan loss provisions rose to \$20.2m, representing 10 per cent of total loans and 49 per cent of non-performing loans. Assets at end-June were \$401.9m, a decline from \$502.7m at end-1985.

Montana mine project plan

LAC MINERALS, a big Canadian gold mining firm, Chevron Corporation and Manville Corporation, both of the US, are going ahead with development of the Saltwater plateau and palladium mining project in Montana.

Each company has a one-third interest and Chevron is operator. The mine will start operating in mid-1987 at an initial milling rate of 500 tonnes daily.

**U.S. \$60,000,000**

**Banamex**

Banco Nacional de México, S.R.

Floating Rate Subordinated Notes Due 1992

Interest Rate	6 3/8% per annum
Interest Period	11th August 1986
Interest Amount per U.S. \$5,000 Note due	11th February 1987
U.S. \$172.50	

Credit Suisse First Boston Limited Agent Bank

**US DOLLAR**

**THE WORLD VALUE**

**\$4.88**

per share (unaudited)

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**BARINGS**

**ENERGY RESOURCES & SERVICES INCORPORATED**

Net Asset Value 31st July 1986

**\$7.47**

per share (unaudited)

**STOCKHOLDERS FAR EAST INVESTMENT INC.**

Net Asset Value 31st July 1986

**\$4.88**

per share (unaudited)

**BANCO DI NAPOLI INTERNATIONAL S.A.**

U.S. \$150,000,000

Floating Rate Subordinated Notes Due 1997

For the six months 11th August, 1986 to 11th February, 1987 the Notes will carry an interest rate of 6 3/8% per annum with a Coupon Amount of US\$35.42 per US\$10,000 Note, payable on 11th February, 1987

Bankers Trust Company, London Agent Bank

All of these securities having been sold, this announcement appears as a matter of record only.

**Reuters Holdings PLC**

2,365,137 American Depositary Shares

Representing

14,190,822 B Ordinary (Limited Voting) Shares of 10p each

Merrill Lynch Capital Markets S. G. Warburg Securities

NEW ISSUE All these securities having been sold, this announcement appears as a matter of record only. August 1986

**Risk Management Instruments**

London

15 & 16 September, 1986

**JDC CORPORATION**

(Nihon Kokudo Kaihatsu Kabushiki Kaisha) (Incorporated with limited liability in Japan)

**U.S. \$30,000,000**

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unconditionally guaranteed as to payment of principal and interest by

**The Tokai Bank, Limited**

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Dresdner Bank Aktiengesellschaft Lloyds Merchant Bank Limited

Samuel Montagu & Co. Limited Saitama Bank (Europe) S.A.

Salomon Brothers International Limited Société Générale

**U.S. \$250,000,000**

**BANK OF BOSTON CORPORATION**

Subordinated Floating Rate Notes Due 2001

Interest Rate	6 5/8% per annum
Interest Period	12th August 1986
	12th November 1986

Interest Amount per U.S. \$50,000 Note due 12th November 1986 U.S. \$846.53

Credit Suisse First Boston Limited Agent Bank

**THE CHASE MANHATTAN CORPORATION**

**US\$250,000,000**

Floating Rate Subordinated Notes due 2000

For the three months

12th August 1986 to 12th November 1986 the Notes will carry an interest rate of 6 5/8% per annum with a coupon amount of US\$167.71 per US\$100,000 principal amount, payable on 12th November 1986

Bankers Trust Company, London Agent Bank

Series 041

**U.S. \$42,000,000**

Short-term Guaranteed Notes issued in Series under a U.S. \$250,000,000 Note Purchase Facility by

**Mount Isa Mines (Coal Finance) Limited**

Notice is hereby given that the above Series of Notes issued under a Production Loan and Credit Agreement dated 30th March, 1983, carry an Interest Rate of 6 1/4% per annum. The Issue Date of the above Series of Notes is 13th August, 1986, and the Maturity Date will be 13th February, 1987. The Euro-clear reference number for this Series is 25614 and the CEDEL reference number is 921225.

**Manufacturers Hanover Limited**

Issue Agent

12th August, 1986.

**Bankers Trust International Capital N.V.**

(Incorporated in the Netherlands Antilles)

**U.S. \$200,000,000**

Guaranteed Floating Rate Subordinated Notes Due 1996

For the three months

13th August, 1986 to 13th November, 1986 the Notes will carry an interest rate of 6 3/8% per cent per annum and interest payable on the relevant interest payment date 13th November, 1986 will be US\$167.71 per US\$100,000 note.

International Westminster Bank PLC London - Agent Bank

UK COMPANY NEWS

Hawley increases stake in Brengreen

By Charles Batchelor
Hawley Group, Mr Michael Ashcroft's services company, yesterday confirmed its intention of playing a part in the \$31m agreed bid by BET for Brengreen Holdings with the purchase of a further 1.3m Brengreen shares.

HAT hopes restructuring will fend off BET bid

BY LIONEL BARBER
HAT Group, the paints, scaffolding and cleaning business, yesterday revealed a major reorganisation aimed at saving whole hostile bid from BET, the diversified industrial services group.

at March 1986, stripping out minority interests and intangible assets in the shape of publishing rights, amounted to almost 95 per cent of shareholders' funds. It suggested that if BET's share price fell further, it might have to resort to a rights issue to shore up the balance sheet.

profits of £1.4m and at that date had net tangible assets, excluding related properties, of £4.5m. Mr Telling said talks were taking place with an investor group involving the management of the merchanting division. He declined to comment on a disposal price but said the sale would take place if HAT stayed independent.

GT takes Berry stake to ward off Ensign

By Charles Batchelor
GT Management and group of its supporters yesterday bought a near 20 per cent stake in Berry Trust in an attempt to defend Berry against last month's hostile \$5m takeover bid from Ensign Trust.

TDG up 37% but sees slowdown in second half

Transport Development Group, the storage and distribution holding company, yesterday reported a 37 per cent rise in profits before tax to £15.55m, but warned that it would find it difficult to match that rate of progress in the second half.

Turnover in the first half of 1986 rose from £229m to £248.94m, with the continued strong recovery shown in the second half last time. Conditions were favourable for road transport in the UK, but demand was easing towards the end of the six months, said Sir James Duncan, the chairman.

performance across most of its divisions and these interests are better than expected. In UK road haulage, the customers are switching to quality, producing lucrative increases in volume for TDG and this, combined with lower fuel costs, has added a couple of points to the margin. Losses at the express parcels subsidiary were down to around £1m from £800,000 last time and the operation may soon be fit to stand on its own.

Guinness asks SE to approve changes draft

By Lionel Barber
Guinness, the UK drinks group, has submitted for Stock Exchange approval a draft shareholders' circular which attempts to explain its proposed controversial board changes.

Buy-out at Burmah company

BY WILLIAM DAWKINS
THE MANAGERS of Maceess, Britain's largest chain of automotive parts cash and credit wholesalers, yesterday announced that they had raised more than £10m to buy their business from Burmah Oil.

Based in Cleckheaton, Maceess employs 650 people in eight motor parts and accessories retail and carry outlets, one hardware and DIY dealer.

Maceess' sales have grown at an average of 17 per cent annually over the past four years, reaching £55.5m in the 12 months to last December, when the group made a £1.2m net operating profit.

Ansbacher recovery speeds up

Henry Ansbacher Holdings, the merchant bank group which came close to collapse 18 months ago, raised pre-tax profits to £3.06m in the six months to June 30, 1986, indicating improved performance by its core merchant banking, insurance broking and shipping businesses, said Mr Richard Fehnlis, group managing director.

Results for the previous comparable half-year ending September 30 1985, showed a pre-tax profit of £2.20m. Ansbacher last year changed its accounting period to end December 31, in line with its major shareholders' reporting years.

of results for the whole of 1986. Central costs rose by £182,000 to £882,000, reflecting extra legal costs. Ansbacher has cut 25 per cent of its staff in the last year. It disclosed pre-tax profits by its merchant banking operations of £2.87m, after transfers to hidden reserves. Up from £1.32m in the previous comparable period, this included results from a new US money banking trust company and investment management group, and from US corporate finance activities.

TDG TRANSPORT DEVELOPMENT GROUP PLC Interim report
ROAD HAULAGE WAREHOUSING DISTRIBUTION and COLD STORAGE in the UNITED KINGDOM, FRANCE, HOLLAND, THE UNITED STATES and AUSTRALIA
Profit before tax (£m) 15.6 11.4 +36.5
Earnings per share 6.6p 4.7p +42.5
Dividends per share 2.0p 1.7p +17.6

English Trust improves by 21%

WITH profitability continuing to improve during the second six months the English Trust Group was able to lift its full 1985-86 profits to £2.93m pre-tax, an increase of 21 per cent over the previous year's £2.43m.

iterated that it was well placed to take advantage of the opportunities that would arise from the many changes taking place in the financial sector.

per cent to 8.87p and a final dividend of 2p makes a total of 3p net, an increase of 0.27p on last year's adjusted 2.73p.

Saatchi considering a listing in Tokyo

BY ALICE RAWSTHORN
Saatchi & Saatchi, the international marketing services group, is considering seeking a quotation on the Tokyo Stock Exchange in order to broaden the international base of its shareholding.

to buy a small shareholding in the Japanese advertising agency, Asahi. The company has since increased its Japanese presence through its recent merger with the US agency, Ted Bates, which has a joint venture in Japan.

THE CRAFTYDOR ARGO ALL-TERRAIN VEHICLE
Automatic transmission and 4 wheel drive give you ground clearance to cope with mud and water conditions safely and efficiently. Used for hunting, recreation, construction, farm and utility work. Price £2795 plus VAT transport. Export enquiries invited.

Better first half for Jamesons

Jamesons Chocolates reported higher turnover and a reduced loss in the first six months of 1986 despite a fall of about 9 per cent in total deliveries by UK chocolate manufacturers during the period, directors said.

On turnover up by £259,000 to £3.29m the pre-tax loss fell from £113,000 to £104,000. With the loss per 10p share almost unchanged at 2.6p (2.5p) the interim dividend is being maintained at 2p. Last year there was a total payment of 5p from pre-tax profits of £330,000.

DIVIDENDS ANNOUNCED
Current Date Corres- Total Total
Payment payment div. year year
Andre de Brett ..... 10.25 Nov 21 nil 0.25 nil
English Trust ..... 2 Oct 14 1.82 3 2.73
Debraon Inv ..... 0.5 Oct 10 nil nil
Heywood Williams Int 2.75 - 2.42 1.4 6.75
Howard Shipping Group 0.57 - 2 2 1.4 1.4
Jamesons Chocolates Int 2 - 2 2 5 5
Stone Intl ..... 13.22 Oct 1 2.92 4.83 4.38
TDG ..... 2 Nov 7 1.7 - 6.2

GRANVILLE
Granville & Co. Limited Telephone 01-621 1212
8 Lovell Lane London EC3R 8BP
High Low Company Price Change div. (p) % Actual
146 118 Ass. Brit. Ind. Ord. 131 - 7.3 5.8 8.0 7.5
151 121 Ass. Brit. Ind. CULS 131 - 7.0 7.0 8.0 8.0
123 43 Airgroup Group 108 - 2 1.6 7.0 6.8 6.0

NOTICE FINAL EXTENSION Pengo Finance N.V.
Class A Non-Interest Bearing Convertible Senior Subordinated Guaranteed Debentures due 1991;
Class B Non-Interest Bearing Convertible Senior Subordinated Guaranteed Debentures due 1991;
PENGU INDUSTRIES, INC.
Pengo Finance N.V. ("Finance") is offering to holders of its Class A Non-Interest Bearing Convertible Senior Subordinated Guaranteed Debentures due 1991 (together "New Debentures") and 8 1/2 per cent Convertible Subordinated Guaranteed Debentures due 1991 ("Old Debentures") the Exchange Offer summarized below.



# UK COMPANY NEWS

## Stone Intl. falls £1.25m but order level at record

Stone International, the systems engineering group, suffered a sharp setback in the second six months and for the full 1985-86 year saw its profits fall by £1.25m to £6.09m pre-tax.

However, the directors said yesterday that they believed the setback would prove to be temporary and pointed out that this view was supported by the record level of orders achieved—they rose from £93.56m to £100.44m.

The improvement came in the second half with \$6m being taken. These were mostly for delivery after the year-end and would benefit the current trading period.

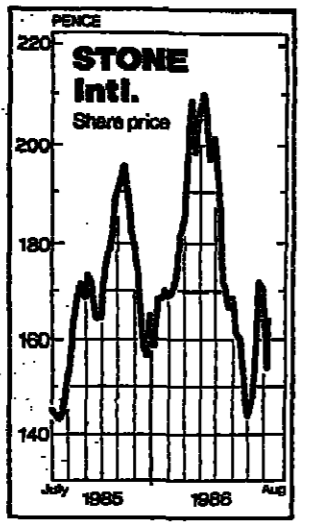
They regarded the year as one of acquisition and consolidation which had greatly strengthened the group.

The present order book and level of enquiries should ensure a much improved workload at safety in the US and at Stone Transportation in the UK. At the same time recent acquisitions were continuing to make valuable contributions to the results.

Reflecting their underlying confidence in the outlook for the group the directors are stepping the dividend for the year up by 10 per cent to 4.88p net, the final being 5.22p.

The transportation division accounted for the major downturn in profits. This arose from substantial problems on one international contract for air conditioning, together with an inadequate workload in the Crawley factory.

Correction of these problems and an improved UK workload resulting from recent British and Italian railways orders would contribute to an improved performance in the transportation operations for 1986-87.



Group turnover for the past year (to May 31 1986) improved from £78.71m to £100.36m but at the operating level profits fell by £2.09m to £5.7m.

Pre-tax profits took in exceptional credits of £1.25m but also took account of a \$455,000 rise in interest charges to £1.91m.

Tax fell to £1.35m (£2.1m) and left net profits at £4.73m, against a previous £5.24m. Earnings worked through at 12.4p (15p) per 20p share.

The sterling/dollar exchange rate adversely affected profits before tax by £0.85m.

The exceptional item principally comprised a surplus following the rationalisation of the US pension arrangements and additionally profits on the realisation of short-term listed investments.

During the year the group continued to pursue the aim of expanding the product range.

Andrews Group, acquired in September 1985 for £6m

proved a valuable addition to the energy systems division and achieved record results.

In the transportation division the business and assets of Stone Peters were acquired in December 1985, since when £4.6m of orders for UK and overseas have been taken.

**● comment**

If the exceptional gain is stripped out from Stone's figures, the operating profits stand revealed as down by 24 per cent. Since many engineering analysts follow Stone, that could look like a repeat of last week's bad news from GKN. However, the company is really in the electrical sector and can point to a series of individual problems as the cause of its bad figures. The market seemed convinced and marked the shares up 10p to 164p.

Around 70 per cent of Stone's turnover comes from overseas sales or exports and thus the dollar's movements had a £200,000 negative impact. The second hiccup occurred at Crawley, where a tightly priced order to the US went badly wrong and contributed to a £1m loss last year. A programme of rationalisation has now put the company on target for breakeven at Crawley this year.

The third problem was a bad loss at the US boiler subsidiary as American companies differed about which fuel to use in the wake of the tumbling oil price. Order books now look healthy. Some will shortly merge the loss-making electronics division into transportation and look to expand through acquisitions like the highly successful purchase of the Andrews group.

Pre-tax profits of £5.5m look achievable this year, leaving the shares on a prospective p/e of 10.

## Aidcom in talks with Addison Consultancy

**By Richard Tomkins**

Addison Consultancy confirmed yesterday that it had made a bid approach to Aidcom International, a fellow communications group. But the two companies last night gave sharply differing views on the likelihood of reaching agreement.

Aidcom, a market research, design and product development group, said that it could see the commercial logic of a merger between the two companies.

Mr Pratt Thompson, Aidcom's chairman, said that if his board could be satisfied that the terms of the offer were fair and that the interests of its employees were looked after, then the basis of an agreement was there.

However, Mr Steve Smith, Addison's joint chief executive, suggested that the talks had run into problems.

Aidcom has got some very good businesses which would fit very well with ours and we believe there is a great deal of logic in putting them together, but not at any price, only a sensible one," he said.

"We have indicated our intention to offer a price which we believe fully values its businesses, but as we understand it Aidcom's board is not unanimous on whether that is acceptable or not."

He said the offer was still on the table but a statement would be made today "declaring our interest, or lack of it."

Aidcom's Mr Thompson denied this version of events and said there was no dissent among his board members. "There is complete unanimity of view on Aidcom's board and as far as we are concerned, the talks are still continuing."

"We have not had enough information from Addison to give us the basis for making a further announcement yet, but we will make another statement as soon as possible."

## Howard Shuttering profits fall

Howard Shuttering (Holdings), the property developer and plant hire group which earlier this year pulled out of its traditional formwork and structures operations, yesterday reported a sharp decline in profits before tax for the year to end April 1986.

Profits fell from \$748,799 to \$461,206, mainly because of costs associated with the closure, but the directors said yesterday that this area of trading would no longer be a drain on resources. They would

now be able to give more attention to the group's profitable businesses.

This has been done by the appointment of two directors, Mr J. Hananah and Mr R. Runniby, to take charge of the day to day operations in development and plant hire.

The former has undergone expansion and stockbuilding, and the company said it should lift both turnover and profits in the current year. Plant hire has produced record turnover and profits, and is expected to maintain this.

Group turnover for the year

under review slipped from \$6.78m to \$6.36m and there were extraordinary debits of \$38,508 (nil) as the net cost of the closures.

Despite earnings per share down from 3.9p to 2.4p after a lower tax charge of \$185,284 (£312,170), the dividend is held at 1.4p with an unchanged 0.7p final.

The directors said that "with employees' continued support together with the year's reorganisation, the board is confident that the group will again be able to increase profitability."

## Andre de Brett rises to £0.17m

FURTHER recovery during the second six months of 1985-86 enabled Andre de Brett, a direct mail order house, to lift its full year profits by £130,000 to £188,000 pre-tax.

Dividends are being resumed with a final of 0.35p net from earnings of 1.71p, against a previous 0.06p.

Turnover for the year to March 31, 1986 edged ahead from £7.41m to £8.57m and at the operating level profits expanded from £186,000 to £280,000—the Wembley-based USM group specialises in outside clothing.

In the UK mail order sales improved but performance was again held back by a poor performance from the retail shops.

There was a further improve-

ment in the sales of the Norwegian outfit.

The loss-making Halequina computer bureau subsidiary was closed down last October and the £52,000 net costs of termination were taken below the line as extraordinary debits. The provision, however, was partly offset by a profit of £16,000 arising from the disposal of a freehold property in the US.

In the current year response to the group's summer catalogue had been below expectations, having been adversely affected by the exceptionally poor weather. However, there were now signs of improvement and recent performance of the UK retail shops had been encouraging.

Turnover of the Dutch subsidiary was now increasing steadily. Both mail order and retail sales were continuing to rise and the directors looked forward to recouping some of the losses generated during the first three years of operations.

They said that after two years of minimal investment they had resumed the expenditure programme with further development of computer systems and automation of warehouse and mailing facilities.

The Andre de Brett, London Selection and Bretts menswear catalogues had been merged into a single catalogue for the autumn/winter season and initial reactions had been favourable.

## BP reduces Malaysian interests

**By Lucy Kellaway**

BP has announced plans to reduce its interest in BP Malaysia, a wholly-owned subsidiary, to 82.4 per cent in accordance with the Malaysian Government's new economic policy.

In a capital restructuring, the Malaysian armed forces pension fund and a Malaysian police co-operative society are to subscribe for 12.5m new ordinary shares of M\$1, amounting to 17.6m of the shares in issue.

Mr Fleming Wich, managing director of BP Malaysia said yesterday that the move provided evidence of BP's commitment to Malaysia and its confidence in the long-term health of its economy. He said that the restructuring would not affect BP's investment in Malaysia, now running at about M\$15m-M\$20m a year.

BP Malaysia is involved in the marketing and manufacture of petroleum products, chemicals and lubricants. It employs 320 people, and has a 7 per cent share of the domestic market.

## Debron makes debut with 0.5p interim

Debron Investments, Worcester-based investment group reported pre-tax profits for the six months to the end of June 1986 of £450,000. And the directors are paying an interim dividend of 0.5p.

This was the first period with no contribution from the trading activities, said last year when the company was known as Carpets International. Because of the changes the directors do not think that there are any relevant comparative figures.

Shareholders of CI had not received a dividend since 1979. Earnings per 50p share were stated at 0.9p both basic and fully-diluted. Net asset value at the end of the period was 63.7p basic and 57.1p fully diluted.

Dividend income was £210,000 with a further £410,000 from interest received. The pre-tax figure was struck after administrative expenses of £170,000.

The tax charge was £90,000 and there were extraordinary credits totalling £3.04m being the net profit on the sale of investment in John Crowther Groups and Feltex New Zealand.

### COMPANY NEWS IN BRIEF

- CAP GROUP** was confident of reporting another year of progress in 1987, according to Mr Barney Gibbens, the chairman, in his annual statement.
- ELECTRONIC RENTALS Group** - Mr J. T. Griffiths, chairman, said in his annual statement that the directors expected the current year to show satisfactory progress and that they believed prospects for the enlarged group were encouraging.
- BRUNTONS**, Musselburgh-based wire and rope manufacturer, which is facing a hostile £4.96m bid from Carclo Engineering Group, has had a stake built up in it by Praxair Inc.
- Corporation, which now has an interest in 410,000 shares (5.12 per cent).
- WHITBREAD**, the brewing and retailing group, yesterday announced an £8m investment in a new Country Club Hotel at Bearstead, near Mairstone. The development, described by Whitbread yesterday as its biggest single investment in retailing, it being done in conjunction with the J.T. Group which has a 25 per cent stake in the small hotel chain. A further £4m will be invested in the chain's existing five hotels.
- FIRST SECURITY GROUP** chairman, Mr F. J. Westlake, said in his annual report that he looked forward with optimism to a year of continuing profitable growth for the group.
- MARKHEAT** chairman, Mr Paul Bobroff, said in his annual report that the current year's trading was proceeding as planned and the directors were confident that profits ought to grow significantly.

### FINANCIAL TIMES CONFERENCES

#### Pacific Basin Oil & Gas

#### Prices, Investment and the Business Outlook

Hong Kong, 25 & 26 September 1986

This year's FT energy conference will look at the effects of the drastic fall in the price of oil on the development, finance, production and marketing of the oil and gas of the Pacific Region. Speakers will include: Dr Wiljanto, the leading Indonesian Official, Mr Zou Ming, Senior Adviser to the China National Offshore Oil Corporation, Mr Paul Raveston, President of Arco International Oil and Gas and Mr Dick van Hilzen, Chairman and Chief Executive of Shell Refining in Singapore. The event is to be co-sponsored by the Petroleum News.

For further details contact:  
The Financial Times Conference Organisation  
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August, 1986

This announcement appears as a matter of record only.



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August 1986

TECHNOLOGY

UK COMPUTING INITIATIVE

Alvey at the crossroads

By David Fishlock, Science Editor

LORD KEARTON, former chairman of Courtauld and the British National Oil Corporation, once asked about the difficulties faced by a captain of industry in taking decisions, said decisions were not the big problem. The difficult part was seeing that the decisions were made to work. This is exactly the situation faced by the Alvey Directorate, the British Government-backed computing initiative, says Dr David Thomas, one of its programme managers. Alvey has now committed all its money, £350m. But it is only beginning to tackle the big problem of managing that money to maximise the tangible benefits to British industry.

Alvey is developing a new kind of management tool—the computer with some power to reason and a modicum of commonsense (artificial intelligence). This is a long-term



Sir Austin Bide: Shifting research closer to the market imperatives of industry could prove difficult.

problem and will take more time to solve than the five years allotted to Alvey. The Alvey report of 1982 which persuaded the Government to launch the programme assumed it would take at least a decade. Midway through a five-year programme the debate is in full swing, what to do after Alvey: should it continue, or stop, or change course? In any event its founding director, Brian Oakley, expects to retire next year, while Thomas is off to Imperial College next month. Alvey takes its name from John Alvey, the former technology boss of British Telecom. The Alvey programme is Britain's response to Japan's

national research programme launched in 1981, and is aimed at developing the so-called fifth-generation computing systems. These are widely expected to display some "artificial intelligence" in what are known as expert systems.

Views differ on the meaning of artificial intelligence (AI). One, held by the British government's chief scientific adviser, John Fairclough, seconded from IBM, is that the term should be avoided. He believes "artificial intelligence" is likely to receive a more sympathetic public hearing than any idea that the brain is being supplanted.

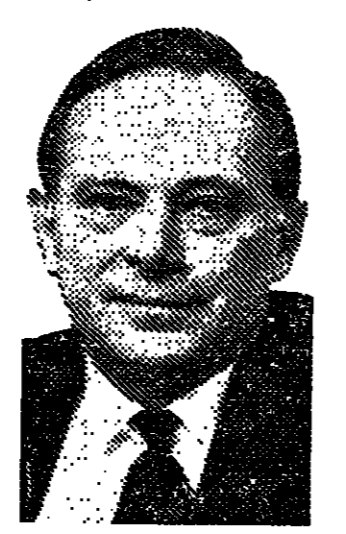
The unions have already begun to fret about the implications of one Alvey project, which as they see it threatens to encapsulate in a computer the human intelligence relating to payment of social security benefits. If successful, this computer will be capable of mimicking the human intelligence to the extent of adjudicating on borderline benefit claims.

In Britain, AI can be traced back to the famous war-time code-breaking activities at Bletchley involving an early electronic computer called Colossus. By the 1950s, however, the problem of capturing intelligence was proving more difficult than the pioneers believed. It becomes increasingly difficult to use computers to capture knowledge as it changes from "hard fact," such as mathematics, to "soft opinions."

The Alvey programme, launched in April 1983, focused on four "enabling technologies" thought to be crucial to AI: very large scale integration (VLSI), software, man-machine interface, and intelligent knowledge-based systems (IKBS). IKBS is simply a British euphemism for AI, which stresses short-term commercial uses rather than the full-scale scientific challenge of mimicking the brain, says David Thomas who is in charge of this programme.

Alvey is unique in having three Government departments—the Ministry of Defence, the Department of Industry, and the Department of Education and Science—as joint sponsors. They agreed to fund a common £200m programme under a new

directorate. Industry contributed another £150m. Sharing responsibility for research in this way, under one management team, has never been practised before in Whitehall. Previously departments have gone their own way with no common strategy. Sir Robert Telford, chairman of the Alvey Directorate, calls it "the most important experiment in the organisation of research in the UK since the second world war."



John Fairclough: The term artificial intelligence misleads the public into believing the brain is being supplanted.

UK bankers, for example, have organised a club project to build a prototype expert system (of the kind discussed on this page last Tuesday) to advise them on the business health of small companies in the market sector of high-technology retailing.

Alvey is working on four major demonstrations of AI, including the £7m social security system already mentioned. Another, involving Shell Research and the agro-chemicals group FBC, is an expert system to advise on product formulation.

The product might be a lubricant or a pesticide for example. The idea, in essence, is to elicit and capture in the computer the experience of a handful of chemists, much of the knowledge commercially confidential. The biggest demonstration is Flagship, nothing less than a

10-year programme. Some of its AI schemes may take years more than that to reach the market. Alvey's paramount claim to fame must be that it has made things happen where previously they did not, it has got industry and academics into partnership in information technology. It has opened an opportunity for British industry to return to the forefront of computer technology, where it was in the 1950s.

The question is whether the programme has generated enough momentum to continue

of central direction ceases in 1988? Early this year the UK information technology industry set up its "IT86 committee" under the chairmanship of Sir Austin Bide, to advise the Government on how to ensure the continued good health of Britain's IT industry, including the project of Alvey. It reports in October to Sir Geoffrey Fattie at the Department of Trade and Industry.

Some interested parties want Alvey to disappear. "We've done what the present government doesn't like—we've generated a research strategy," says one Alvey executive.

For Whitehall, Alvey has been a traumatic experience. The Government's old ways of supporting research are far less strenuous than this co-operative venture, and it has shown no readiness to repeat elsewhere the formula of multi-department funding for a major research initiative. Whitehall is expected to strenuously resist one Alvey view that "we need an Alvey directorate, or something like it, in perpetuity."

Academics, on the other hand, are likely to support Alvey. After all, Government funding for academic research in AI has doubled since Alvey was born. AI has been restored to respectability in British universities.

Nevertheless, the research scene must change, not least to accommodate much greater integration of any future Alvey programme with Esprit II, the EEC's initiative into computing technology.

Industry—particularly the myriad of potential users of AI systems—surely holds the key to Alvey's future. Unless Alvey has excited the interest of a sufficiently large and influential sector of industry to demand continuity, financial backing is likely to stop.

Of its £350m, a mere £2m is being spent on the awareness programme, supporting user clubs and the 180 industrial members. But interest is growing much faster than the supply of people versed in AI. There is a nationwide shortage of skills at the forefront of computer technology. Take away both central fund-

ing and the management exercised by the directorate, and Alvey's goals could be seriously in jeopardy.

A crucial factor is likely to prove the choice of a new director for Alvey. Brian Oakley, the government scientist who has played a seminal role in founding as well as managing the programme, is due to retire in little more than a year. If the right man—an industrialist, perhaps—appears sooner, he is willing to step down, perhaps to become a consultant instead of director.

Whether industry is ready to shoulder all the responsibilities and expense of continuing Alvey must be in some doubt, not least when one considers the recent Cabinet Office paper on computer software, prepared by the Government's Advisory Council for Applied Research and Development (Acad). Industrial research managers are well represented on Acad but its report scarcely mentions prospects for AI.

Brian Oakley believes the Bide committee will probably



Sir Robert Telford: No sign Whitehall is willing to repeat the experiment he helped champion.

accept the need for a directorate, even if it contests some of the detailed management, such as the way it uses the "principle of maximum unfairness" to give its chosen companies an inside track on exploitation.

Where the Bide committee may find greater difficulty is in resolving the broader issue of how to shift an AI research programme closer to the market imperatives of British industry.

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Citroen aid to factory design

By Elaine Williams  
CITROEN Industrie of France has decided to market a computer system to help industries design the layout of their factory floors. The MAST system, originally developed in the US, simulates the flow of work through the factory. The aim is better design of an automated production system. The simulation system can help various options when planning a manufacturing process. It can look at the number and type of machines needed on the factory floor, the type of transport for components between machines and to study the overall performance of the production line.

MAST has already been adopted by several UK companies including GEC Mechanical Handling and Lewis-Fraser.

Citroen in the UK (0926 882201) says that the computer system can be used on IBM and Sperry microcomputers or any other compatible machines. Though there are competing systems on the market, Citroen says that MAST can produce simulations in a few hours rather than the weeks it takes other simulation software.

Place in the Sun for ICL

By Geoffrey Charlsh  
TECHNICAL WORKSTATIONS supplied by International Computers (ICL) are to be used in factories, laboratories and design offices, will in future be based on Sun Microsystems workstation products.

ICL has announced a collaborative agreement with Sun to offer "integrated systems and regards this as "a further step in ICL's strategy of collaboration with other market leaders where such moves will provide the most cost-effective solutions."

**HENRY ANSBACHER HOLDINGS PLC**

INTERIM RESULTS	HALF YEAR ENDED	
	30 June 1986	30 September 1985
Profit before taxation	£3,060	£1,485
Profit after taxation	2,161	1,158
Extraordinary profit	5,350	—
Profit attributable to shareholders	7,511	1,158
Earnings per share (calculated before extraordinary profit)	1.5p	1.0p

One Nine Square, London EC3A 5AN

**Company Notices**

**VINTOIL S.A.**  
Société Anonyme  
Luxembourg, 37, Rue Notre-Dame  
R.C. Luxembourg B 18.064

**Notice of Meeting**  
Messrs. Shareholders are hereby convened to attend the Extraordinary General Meeting which will be held on August 22nd, 1986 at 10.00 a.m. at the offices of K redierbank S.A. Luxembourg, 43, boulevard Royal, Luxembourg, with the following agenda:

**Agenda**  
1. To appoint a liquidator for the purpose of distributing the company's assets.  
2. Instructions to the liquidator to finalize this liquidation of the assets by distributing to the company's shareholders the shares of Vintoil Oil & Gas Inc. and to sell all the shares of Vintoil S.A.  
3. If the liquidator does not succeed to sell the shares of Vintoil S.A. before September 30, 1986 the company shall be automatically in liquidation and the liquidator designated under item 1 hereabove shall finalize the liquidation of Vintoil S.A.

Shareholders are advised that their proxy forms, in order to be valid, must be received at the registered office at least five clear days before this meeting.

Secured shareholders must deposit their share certificates with an authorized bank and this bank must confirm to the company that the shares are blocked until the closing of this meeting. This certificate must also be received five clear days before the meeting at the registered office of the company.

Furthermore, registered shareholders wishing to attend this meeting must inform the company thereof and this confirmation must also be received at the company's registered office five clear days before the meeting.

A letter addressed to the shareholders is available at the registered office.

The Board of Directors

---

**Clubs**  
IVE has put forward the others because of a policy of fair play and value for money. Members, please contact the club secretary, 199, Regent St., W1, 01-735, 0557.

**Art Galleries**  
ZAMANA GALLERY, 1 Cromwell Gardens, SW7, 01-534 6612. CENTURIES OF COLOUR - The Cottage at Newington Palace, Unit 5, Oct. Tues-Sat. 10.30-5. Sun. 12-5.30. Tel. 424 81.

**K Mart (Australia) Finance Limited 9% Debentures**

**NOTICE OF VOTE OF DEBENTUREHOLDERS ON EXTENSION**

NOTICE IS HEREBY GIVEN, pursuant to Section 14.02 of the Indenture dated as of July 1, 1976, that as of 3:00 P.M. local time, August 1, 1986 Debentureholders holding an aggregate principal amount of US\$58,091,000 principal amount of K Mart (Australia) Finance Limited 9% Debentures have voted on the issue of extension as follows:

	Principal Amount of Debentures	% Of Total Principal Amount Outstanding
In favor of extension:	\$ 24,783,000	88%
Not in favor of extension:	\$ 3,308,000	12%
	\$ 28,091,000	100%

Pursuant to Section 14.02(a) Debentureholders of not less than 50% in aggregate principal amount outstanding are needed to extend the term of the Debentures. Therefore, The Royal Bank and Trust Company, as Trustee, declares that the term of the Debentures has been extended as described in Article 14 of the Indenture.

NOTICE is also given that the LIBOR rate at Noon on July 15, 1986 was 6.625%. The minimum interest to be earned on the escrow account for holders voting in favor of extension is 6.125% (LIBOR - 1/2%).

**DEBENTUREHOLDERS VOTING IN FAVOR OF EXTENSION:**  
Those holders who had voted in favor of extension must present their 9% Debenture Certificates to Orion Royal Bank Limited, 1 London Wall, London on or after October 1, 1986 to be exchanged for Extended Term Debentures in an aggregate principal amount equal to the principal amount of 9% Debentures presented plus the pro-rata share of the principal amount of Debentures being redeemed (voting not to extend) which has been allocated.

The unused portion of the escrow account plus the pro-rata share of interest earned will be remitted on October 1, 1986 pursuant to the instructions given at the time of voting.

**DEBENTUREHOLDERS VOTING NOT TO EXTEND:**  
Holders who have voted not to extend must present their Debenture Certificate(s) to any of the Paying Agent Offices for the Debentures on or after October 1, 1986 in order to receive payment of the principal amount of their Debentures plus accrued interest to October 1, 1986 (US\$1,022.50 per \$1,000 Debenture).

The Royal Bank and Trust Company  
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**THE FINANCIAL TIMES**

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For further information contact:  
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Telephone: 01-243 8000 Ext 3238  
Telex: 885033

**Notice of Redemption**  
To the Holders of

**MONTANA POWER INTERNATIONAL FINANCE N.V.**

14 1/4% Guaranteed Notes Due September 15, 1989

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture, dated as of September 15, 1982, from Montana Power International Finance N.V. and The Montana Power Company, as Guarantor, to Citibank, N.A., Trustee, all \$50,000,000 in principal amount of the aforesaid Notes will be redeemed on September 15, 1986, at the redemption price of 101 1/2% of the principal amount thereof, together with accrued interest thereon from September 15, 1985, to such redemption date, amounting to \$112,500 for each \$1,000 principal amount of the Notes. Interest on the Notes shall cease to accrue on and after the redemption date and on that date provided, however, that this notice is subject to the receipt of redemption monies by the Trustee prior to September 15, 1986. This notice shall be of no effect, and the redemption price shall not be payable and interest on the Notes shall continue to accrue, unless such monies shall have been received prior to such date.

Payment of the Notes will be made upon presentation and surrender thereof, together with all coupons appurtenant thereto maturing subsequent to the redemption date, at the offices of the Paying Agents as follows: Citibank, N.A., Fifth Floor, 111 Wall Street, New York, New York 10043, or at the option of the holder, at the main offices of Citibank in Amsterdam, Brussels, Frankfurt/Main, London or Paris; at the office of Citicorp Bank (Luxembourg) S.A. in Luxembourg; or at the main office of Swiss Bank Corporation in Basel.

Coupons which have matured prior to the redemption date should be detached and surrendered for payment in the usual manner.

Withholding of 20% of gross redemption proceeds of any payment made within the United States may be required by the Interest and Dividend Tax Compliance Act of 1983 unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee.

MONTANA POWER INTERNATIONAL FINANCE, N.V.  
Dated: August 12, 1986

Self in title

Financial Times Tuesday August 12 1986 LONDON RECENT ISSUES

EQUITIES

Table of equity prices with columns for stock name, price, and change. Includes titles like 'Acas & Henson 20p', 'Aldi 10p', etc.

AUTHORISED UNIT TRUSTS

Table of authorized unit trusts with columns for trust name, price, and change. Includes titles like 'Abbey Unit Trst. Mgrs. (a)', 'Allied Banker Unit Trst. PLC (A)(C)', etc.

FT UNIT TRUST INFORMATION SERVICE

Large table of unit trust information with columns for trust name, price, and change. Includes titles like 'S. & A. Trust (a)', 'Lazard Brothers & Co Ltd', etc.

FIXED INTEREST STOCKS

Table of fixed interest stocks with columns for stock name, price, and change. Includes titles like 'Authority Inv. Fds. Co. Ltd. La. 2006-11', 'Business Managers Tr. Ltd. 2006-11', etc.

"RIGHTS" OFFERS

Table of rights offers with columns for stock name, price, and change. Includes titles like 'Aldi 10p', 'Acas & Henson 20p', etc.

F.T. CROSSWORD PUZZLE No. 6,097

PROTEUS

Crossword puzzle grid with numbers 1-29 and letters A-Z.

ACROSS 1 Observation about wine's behaviour (11) 2 Hint about mine (3) 3 Odd thing about darkness (5) 4 Plant for example getting sure to be hesitant (9) 5 Precise to put others out of control (9) 6 Episode recalled in sudden ecstasy (5) 7 Believing in right journalist has to put money about (7) 8 Condemnation over emotional state (4) 9 Desirable prize of fruit (4) 10 Raisable levy on tax by a quarter (7) 11 Instruct and discipline artist in metal (5) 12 Protest worker from person accused (5) 13 False prize leading sadly into hell (6) 14 Some attempts to organize return of original sources (5) 15 Object to last point (3) 16 Former French friend at race-trial (11) DOWN 1 Bond made to shrink (3) 2 He teaches wise men to rest perhaps (6) 3 Not a very good shot at route-planning (6) 4 Turning out one's right about sight-seer (7) 5 Formerly quoted in a state of agitation (7)

FIXED INTEREST STOCKS

Table of fixed interest stocks with columns for stock name, price, and change. Includes titles like 'Authority Inv. Fds. Co. Ltd. La. 2006-11', 'Business Managers Tr. Ltd. 2006-11', etc.

"RIGHTS" OFFERS

Table of rights offers with columns for stock name, price, and change. Includes titles like 'Aldi 10p', 'Acas & Henson 20p', etc.

F.T. CROSSWORD PUZZLE No. 6,097

PROTEUS

Crossword puzzle grid with numbers 1-29 and letters A-Z.

ACROSS 1 Observation about wine's behaviour (11) 2 Hint about mine (3) 3 Odd thing about darkness (5) 4 Plant for example getting sure to be hesitant (9) 5 Precise to put others out of control (9) 6 Episode recalled in sudden ecstasy (5) 7 Believing in right journalist has to put money about (7) 8 Condemnation over emotional state (4) 9 Desirable prize of fruit (4) 10 Raisable levy on tax by a quarter (7) 11 Instruct and discipline artist in metal (5) 12 Protest worker from person accused (5) 13 False prize leading sadly into hell (6) 14 Some attempts to organize return of original sources (5) 15 Object to last point (3) 16 Former French friend at race-trial (11) DOWN 1 Bond made to shrink (3) 2 He teaches wise men to rest perhaps (6) 3 Not a very good shot at route-planning (6) 4 Turning out one's right about sight-seer (7) 5 Formerly quoted in a state of agitation (7)

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AUTHORISED UNIT TRUSTS & INSURANCES

Table listing various insurance and unit trust products, including Waverley Asset Management Ltd, Western Unit Trust Managers, and others, with columns for company name, address, and contact details.

Table listing various insurance and unit trust products, including City of Edinburgh Life Assurance, City of Westminster Assurance, and others, with columns for company name, address, and contact details.

Table listing various insurance and unit trust products, including M & S Group, National Provident Institution, and others, with columns for company name, address, and contact details.

Table listing various insurance and unit trust products, including Prudential Assurance Co Ltd, Scottish Life Assurance Co Ltd, and others, with columns for company name, address, and contact details.

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INSURANCE, OVERSEAS & MONEY FUNDS

Table of insurance and overseas funds, including Standard Life Assurance Company, Sun Alliance Insurance Group, and Sun Life of Canada (UK) Ltd.

Table of insurance and overseas funds, including Zurich American Life Insurance, Zurich American Life Insurance, and Zurich American Life Insurance.

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Money Market Trust Funds

Money Market Bank Accounts

TRADITIONAL OPTIONS

Table of traditional options, including 3-month call rates and various option contracts.



CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Metals add to dollar's woes

STRONG DEMAND for precious metals, a record Japanese trade surplus in July, and forecasts that US economic news this week will point to a stagnating economy, put further downward pressure on the dollar yesterday.

£ IN NEW YORK

Table with columns: Aug 11, Latest, Prev. close. Rows: Spot, 1 month, 3 months, 6 months, 12 months.

the dollar's index fell to 110.6 from 111.0, the weakest since January 29 1982.

STERLING — Trading range against the dollar in 1986 is 1.5535 to 1.5770. July average 1.5688. Exchange rate index rose 0.2 to 711, compared with 74.2 six months ago.

News that Kuwait plans to stop sales of oil on the spot market during September and October, in line with last week's Opec agreement to cut production during those months, led to a rally by sterling yesterday afternoon.

D-MARK — Trading range against the dollar in 1986 is 2.4716 to 2.6065. July average 2.5121. Exchange rate index rose 1.3 against 132.4 six months ago.

The D-Mark was firm in quiet Frankfurt trading. Demand for gold weakened under the dollar, which fell to DM 2.0564 from DM 2.0740 at the Frankfurt fixing, the lowest since mid-March 1981.

The yen showed little change against the dollar in quiet Tokyo trading, with many Japanese companies beginning the summer holiday break. The dollar closed at ¥153.55, unchanged from Friday's New York finish.

JAPANESE YEN — Trading range against the dollar in 1986 is 152.75 to 153.75. July average 153.61. Exchange rate index rose 21.84 against 157.7 six months ago.

FINANCIAL FUTURES

Firmer trend

PRICES WERE generally higher in the London International Financial Futures Exchange yesterday with sterling based instruments reacting favourably to stronger pound. Opening prices had already shown improvement from Friday's close, helped by strong demand in the US bond market.

LIFE LONG CALL FUTURES OPTIONS

Table with columns: Strike, Call, Last, Put, Last. Rows: 118, 120, 122, 124, 126, 128, 130.

LIFE 6/5 OPTIONS

Table with columns: Strike, Call, Last, Put, Last. Rows: 120, 122, 124, 126, 128, 130.

PHILADELPHIA 6/5 OPTIONS

Table with columns: Strike, Call, Last, Put, Last. Rows: 120, 122, 124, 126, 128, 130.

The long gilt contract for September delivery opened at 120-01, up from 119-28, and touched a best level of 120-30 before closing at 120-18.

LIFE US TREASURY BOND FUTURES OPTIONS

Table with columns: Strike, Call, Last, Put, Last. Rows: 82, 84, 86, 88, 90, 92, 94.

LONDON 6/5 OPTIONS

Table with columns: Strike, Call, Last, Put, Last. Rows: 120, 122, 124, 126, 128, 130.

LIFE EURO-DOLLAR OPTIONS

Table with columns: Strike, Call, Last, Put, Last. Rows: 120, 122, 124, 126, 128, 130.

CURRENCY MOVEMENTS

Table with columns: Currency, Bank of England, Morgan Guaranty. Rows: Sterling, U.S. Dollar, Canadian Dollar, etc.

CURRENCY RATES

Table with columns: Currency, Bank of England, Morgan Guaranty. Rows: Sterling, U.S. Dollar, Canadian Dollar, etc.

CHICAGO

Table with columns: Currency, Bank of England, Morgan Guaranty. Rows: Sterling, U.S. Dollar, Canadian Dollar, etc.

LONDON

Table with columns: Currency, Bank of England, Morgan Guaranty. Rows: Sterling, U.S. Dollar, Canadian Dollar, etc.

THREE-MONTH EURO-DOLLAR

Table with columns: Currency, Bank of England, Morgan Guaranty. Rows: Sterling, U.S. Dollar, Canadian Dollar, etc.

US TREASURY BONDS

Table with columns: Currency, Bank of England, Morgan Guaranty. Rows: Sterling, U.S. Dollar, Canadian Dollar, etc.

CURRENCY FUTURES

Table with columns: Currency, Bank of England, Morgan Guaranty. Rows: Sterling, U.S. Dollar, Canadian Dollar, etc.

POUND SPOT - FORWARD AGAINST POUND

Table with columns: Day's, Close, One month, Three months, Six months. Rows: US, Canada, Ireland, etc.

DOLLAR SPOT - FORWARD AGAINST DOLLAR

Table with columns: Day's, Close, One month, Three months, Six months. Rows: UK, Ireland, Canada, etc.

EXCHANGE CROSS RATES

Table with columns: Aug 11, 8, 9, DM, Yen, F.Fr., S.Fr., H.Fl., Lira, O.S. Fr. Rows: DM, Yen, F.Fr., etc.

EURO-CURRENCY INTEREST RATES

Table with columns: August 11, Short, 3 Days, 1 Month, 3 Months, 6 Months, One Year. Rows: Sterling, U.S. Dollar, etc.

MONEY MARKETS

INTERBANK RATES for three-months and longer tried to move lower yesterday in reaction to the pound's firmer trend. This was the only activity in the money market.

NEW YORK RATES

Table with columns: Prime rate, Broker loan rate, Fed funds rate, Treasury bills & bonds. Rows: Prime rate, Broker loan rate, etc.

MONEY RATES

Table with columns: August 11, Over-night, One month, Two months, Three months, Six months, One year. Rows: Frankfurt, Paris, Amsterdam, etc.

OTHER CURRENCIES

Table with columns: Currency, Bank of England, Morgan Guaranty. Rows: Arg. Lira, Finland, Greece, etc.

STERLING INDEX

Table with columns: Aug 11, Previous. Rows: 8.30 am, 9.00 am, 10.00 am, etc.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Currency, % change, % change adjusted for divergence. Rows: Belgium, France, Germany, etc.

FT LONDON INTERBANK FIXING

Table with columns: Bid, Offer. Rows: Three months US dollars, Six months US dollars.

LONDON MONEY RATES

Table with columns: August 11, Over-night, 7 days notice, 1 Month, 3 Months, 6 Months, One Year. Rows: Interbank, Sterling, etc.

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on August 11, 1986. In some cases rate is nominal.

Table with columns: COUNTRY, CURRENCY, VALUE OF £ STERLING. Rows: Afghanistan, Albania, Algeria, etc.

Financial Information Service on Japanese Corporate Issuers

MIKUNI'S CREDIT RATINGS. Over 2,900 bond issues by about 700 Japanese companies. Cost: US\$2,500 per year.

Conferences

The Commission of the European Communities announces a EUROPEAN SYMPOSIUM ON THE UTILIZATION OF THE RESULTS OF PUBLICLY FUNDED R&D.

CLASSIFIED ADVERTISEMENT RATES

Table with columns: Commercial & Industrial, Residential Property, Business Investment, etc. Rows: Commercial & Industrial, Residential Property, etc.

Motor Cars

FOR SALE - Mercedes-Benz 280SE, New 1986. Selling Caravan, 1986. Tel: American 11 66 85 office hours.

BRITISH FUNDS, AMERICANS-Cont., CANADIANS, BANKS, HP & LEASING, INT. BANK AND OSEAS GOVT STERLING ISSUES, CORPORATION LOANS, COMMONWEALTH & AFRICAN LOANS, BUILDING SOCIETIES, Hire Purchase, Leasing, etc., BEERS, WINES & SPIRITS, Financial, FOREIGN BONDS & RAILS, AMERICANS, BUILDING, TIMBER, ROADS, DRAPERY & STORES, ENGINEERING, HOTELS AND CATERERS, INDUSTRIALS (Misc.)

LONDON SHARE SERVICE

Table with columns for Stock, Price, % Chg, and various sub-sections: BUILDING, TIMBER, ROADS-Cont., DRAPERY & STORES-Cont., ELECTRICALS, CHEMICALS, PLASTICS, FOOD, GROCERIES, etc.

Table with columns for Stock, Price, % Chg, and sub-sections: ENGINEERING-Continued, INDUSTRIALS-Continued, FOOD, GROCERIES, etc.

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LONDON STOCK EXCHANGE

Gold and platinum shares feature but equities also advance

precious metal interests and the close was 12 1/2 higher at 209p xd. Elsewhere in Overseas Traders, Toser Kemsley reflected expansion hopes with a gain of 9 at 165p.

EUROPEAN OPTIONS EXCHANGE table with columns for Stock, Vol, Last, Bid, Ask, and various other market data.

Persistent worries that South Africa may impose an embargo on exports of precious metals as a counter to threatened economic sanctions against the Republic prompted sharp gains in Gold and Platinum prices.

Account Dealing Dates
Opinion
\*First Declara- Last Account Dealings

Leading equities confounded the majority of market traders and regained part of last week's sharp falls but the undoubted feature of the session was the strength of gold and platinum shares.

Revised fears that an escalation of the economic measures against the Republic could result in disruptions to supplies of both gold and platinum to the Western world touched off some aggressive buying.

Demand increased for a range of issues and the FT indices moved into net higher ground, regaining the early losses which had resulted largely from consecutive dividend deductions.

Royals gain ground
Composites showed to good advantage as investors took an optimistic view ahead of the interim dividend season.

FINANCIAL TIMES STOCK INDICES table showing Government Sec, Fixed Interest, Ordinary V, and other indices with columns for Aug 11, 8, 7, 6, 5, and Year.

London Report and Latest Share Index Tel. 01-246 8026

year. Scanzione was noteworthy for a rise of 10 at 100p, while D. Security rose 12 to 113p xd.

Laura Ashley sold
Laura Ashley failed to participate in the general recovery by leading Stores, falling to 179p at one stage before closing 8 down on balance at 181p on nervous selling.

Johnston Matthey up
Johnston Matthey, reflecting further strength in the platinum price, advanced 12 to 215p.

S.E. ACTIVITY table showing various stock activities and indices for Aug 8, 7, 6, 5.

London Report and Latest Share Index Tel. 01-246 8026

Industrialists, weekend Press mention stimulated revived demand for Normax, which rose 23 to 198p.

Deals got under way in Cityville, formerly Intervention, following the reorganisation and capital reconstruction of the shares.

Oil's major
The oil majors made reasonable gains as a result of a report that Kuwait had decided not to sell oil in the spot market for the next two months.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

FT-ACTUARIES SHARE INDICES table with columns for EQUITY GROUPS & SUB-SECTIONS, Monday August 11 1986, and various index values.

FIXED INTEREST

FIXED INTEREST table showing various interest rates and yields with columns for Index, Day's Change, and other metrics.

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS AND LOWS FOR 1986 table listing various stocks and their performance metrics.

BASE LENDING RATES

BASE LENDING RATES table showing various bank lending rates and percentages.

YESTERDAY'S ACTIVE STOCKS

YESTERDAY'S ACTIVE STOCKS table showing stock names, closing prices, and percentage changes.

FRIDAY'S ACTIVE STOCKS

FRIDAY'S ACTIVE STOCKS table showing stock names, closing prices, and percentage changes.

RISES AND FALLS YESTERDAY

RISES AND FALLS YESTERDAY table showing stock names, rises, and falls.

TRADITIONAL OPTIONS

First Last Last For Davidson Pearce, Sound Division, Abaco Investments, Greenbank Industrial, North Kaigali, Lamsco, Scanrow, Arthur, Lee, Therman, Ryan, International, IMI, Air Call, Amstrad, Sammelson, British Telecom, Endeavour, Holmes Protection and Hawita. A put was taken out in S. R. Gent, white doubles were transacted in Raine Industries and Camford Engineering.

LONDON TRADED OPTIONS

LONDON TRADED OPTIONS table showing various option contracts, prices, and market data.

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LONDON TRADED OPTIONS

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WORLD STOCK MARKETS

Japan is wild

Table of world stock markets including Australia, Germany, Norway, Japan, Canada, and various European indices. Columns include country, date, price, and change.

Table of Canadian stock markets including Toronto and Montreal. Columns include stock name, price, and change.

Table titled 'OVER-THE-COUNTER' showing Nasdaq national market closing prices for various stocks.

Indices

Table of stock indices for New York, South Africa, and other regions, including historical data and performance metrics.

Table titled 'LONDON' showing chief price changes for various commodities and currencies.

Advertisement for 'Special Subscription HAND DELIVERY SERVICE' for the Financial Times Europe's Business Newspaper, including a map of Europe and contact information.

Table titled 'NYSE COMPOSITE CLOSING PRICES' showing closing prices for various NYSE stocks.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table of stock closing prices with columns for stock name, price, change, and volume. Includes sections for High/Low, 12 Month, and various stock categories.

Advertisement for Kidder, Peabody & Co. Limited, featuring the company logo, name, and contact information for various international offices.

NYSE COMPOSITE CLOSING PRICES

AMEX COMPOSITE CLOSING PRICES

Handwritten note: "Spill in 100"

Table of NYSE Composite Closing Prices. Columns include Stock, High, Low, Last, Change, and Volume. Includes sub-sections for 'Continued from Page 28' and 'Continued on Page 27'.

Table of AMEX Composite Closing Prices. Columns include Stock, High, Low, Last, Change, and Volume. Includes sub-sections for 'Continued from Page 28' and 'Continued on Page 27'.

OVER-THE-COUNTER Nasdaq national market, closing prices

Table of Over-the-Counter (Nasdaq) Closing Prices. Columns include Stock, High, Low, Last, Change, and Volume. Includes sub-sections for 'Continued from Page 28' and 'Continued on Page 27'.

